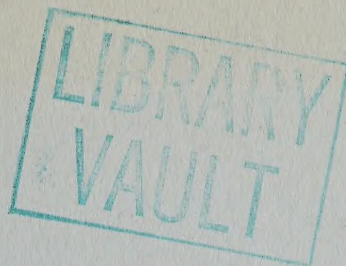


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Vol 19



ROYAL COMMISSION ON METROPOLITAN DEVELOPMENT  
OF CALGARY AND EDMONTON

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COMMISSION MEMBERS

Dr. G. Fred McNally, Chairman,  
Mr. G. M. Blackstock, Q.C.,  
Mr. I. C. Robison,  
Mr. C. P. Hayes,  
Mr. P. G. Davies, Q.C.

Dr. H. B. Mayo (Consultant)

Mr. Wm. McGruther, Secretary.

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P R O C E E D I N G S

held before Royal Commission at the Court House,  
in the City of Calgary, in the Province of Alberta.

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SESSION - 1st FEBRUARY 1955

VOLUME - 19





# I N D E X

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9:45 A.M. Session.  
FEBRUARY 1st, 1955.

MR. BREDIN: My witnesses are on the way, sir, but, unfortunately, they are not here as yet. However, I have in the meantime copies of the Planning Bylaw and the Interim Development Bylaw. is also an Order of the Minister, which is just being copied, upon which the Interim Development Bylaw is based, and we will have copies of that at noon. I was also asked to obtain a number of telephones, or, at least, a number of names on the waiting list for telephones, and I am informed by the Commercial Superintendent that the figure is 5,635 telephones in arrears. Of those telephones, his estimate would be that 35 are business telephones and the balance would be residential telephones in arrears. He tells me that they practically keep up with the business connections, but the residential figures, that is, the figures given would refer nearly all to residential telephones.

COMMISSIONER ROBISON: I imagine a lot of them would be for Thorncliffe and Glendale?

MR. BREDIN: Yes.

THE CHAIRMAN: Would that be a lag, that amount approximately, that number for the last seven or eight or ten years?

2145 A.M. Session,  
FEBRUARY 1st, 1955.

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MR. BREDIN: I think that figure has been larger. I think that has been the lowest that it has been in the last few years. That was the figure as at December 15th.

THE CHAIRMAN: I am going to number these. This Bylaw No. 4271 will be marked Exhibit 75C.

BYLAW IN QUESTION MARKED  
EXHIBIT 75C.

MR. BRELIN: I will have a copy of the Health Regulations at the noon recess with regard to mink farms and hog raising.

COMMISSION ROBISON: That is the Public Utility Order you are referring to?

MR. BREDIN: No, these are regulations made under Section 7 of the Health Act.

COMMISSIONER ROBISON: I thought the Board of Public Utility Commissioners made some reference to it. I understood that there was a specific Order with respect to annexation of a parcel on the north.

MR. BREDIN: I believe that Order is on file, is it not?

COMMISSIONER ROBISON: No.

MR. BREDIN: We can obtain a copy of that.

COMMISSIONER ROBISON: I think it would be wise.

THE CHAIRMAN: Exhibit 75C is the Interim Development Bylaw, and Exhibit 76C will be Bylaw No.





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4237, the authority for the appointment of a Technical Planning Board.

DOCUMENT IN QUESTION MARKED  
EXHIBIT 76C.

COMMISSIONER DAVIES: Mr. Bredin, would you care to outline just the effect of this Interim Development Bylaw? I thought it was a lot different from Edmonton, but just at a glance it doesn't seem to be. As I understand it, the effect of this bylaw was to suspend all zoning in the city?

MR. BREDIN: That is correct.

COMMISSIONER DAVIES: And that each application is dealt with on its merits?

MR. BREDIN: Yes. The idea was to continue the existing zoning bylaw at a time when we were trying to prepare a new one would result in a situation where you would come increasingly in arrears with your planning, so that the present or the past existing bylaw was suspended and new zoning was done on its own merits, having regard to the general planning, and that was, the matter was related to each piece of property, and was to be applied on each application for development on any property.

COMMISSIONER DAVIES: Can you tell me offhand what section it is in here that gives the right to an adjacent or nearby property owner to appeal? That is, he is not an applicant. He is not the applicant and he is not





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the respondent, but he deems himself affected by it.

MR. BREDIN: Well, unfortunately, Mr. Davies, that provision is contained in an amending Order of the Minister, and that is one of those that is being copied. There was no amendment made to the Bylaw, but the Minister made an Order subsequent to his original Order saying that every site upon which development is proposed to take place shall be posted with a sign setting out what development is to take place, and then applications to object to the proposed development were to be heard, and that sign was to remain for ten days, and anyone who deems himself affected may appeal and protest the development. I would be glad to go over that when the other Orders are here at noon.

THE CHAIRMAN: You may proceed now, Mr. Bredin, in the way that you had planned.

MR. BREDIN: At our adjournment yesterday there were some questions dealing with the financial positions of the brief, particularly the first three pages, and today the Commissioners will deal with those.

DUDLEY E. BATCHELOR, recalled,  
already sworn, examined by Mr. Bredin, testified as follows:-

Q You were sworn previously, Mr. Batchelor?





A That is right.

MR. BREDIN: I wonder, Mr. Chairman, if we could, or if we might not go over this, have Mr. Batchelor read this page so that he will become more familiar with it again, if that does not take too much of the Commission's time?

THE CHAIRMAN: Oh, that will be quite satisfactory, and he may interrupt himself and make comments as he goes along, if he wishes to do so.

Q MR. BREDIN: Will you proceed then, Mr. Batchelor, commencing on the first page?

A Further to our report of December 31st, 1954, attached hereto is a Recapitulation of the Estimated Current Revenues and Expenditures of the City for the next five years. As you will note, these figures are based on three major premises.

1. That the Revenue from General taxation is based on not exceeding the dollar cost to our taxpayers of the 1954 mill rate of 48 mills.

Mr. Chairman, that, of course, supports what has appeared in our previous presentations to your Commission, and that was on the instructions of our Council that any of this annexation was not to cost the taxpayer of the City of Calgary any more in actual dollars.





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2. The expenditures are calculated on 1954 per capita cost of Departmental Expenditures plus 10% reflected because of an estimated annual cumulative population increase of 7% for each of these years.

I might explain there, Mr. Chairman, that what we did was, we broke down the expenditures of the 1954 budget on a per capita basis after first increasing it by 10%, which we thought might be a normal increase that we could expect, and then we reflected 7% increase in population in each of the succeeding years and used that basic population cost figure.

3. The inclusion of the annual charges on an anticipated capital expenditure of \$15,000,000.00 per annum for each of these years.

And that was reflected, of course, in our long-range capital budget which anticipated that amount of money in the next five years if normal development goes on.

From the attached statement you will note the Net Deficit position of the City, even after allowing for present grants received from the Province of Alberta, becomes progressively worse, going from \$1,388,089.00 in 1955 to the staggering sum of \$6,655,744.00 in 1959, the final year covered in this review.

As we have already stated, the Commissioners do not feel the desirable answer to the problem is to be





found in securing new fields of taxation, but rather the solution is in the Provincial Government accepting a greater degree of financial responsibility in the fields of education and hospitalization, together with a continuation of the Grants-in-Aid on a per capita basis, with a bonus factor to be established for rapid growth and demonstrated fiscal need.

We are of the opinion that while there are many fields in which we could demonstrate the justification for Provincial Government assistance, that in order to reduce the Administrative costs to the absolute minimum the grant structure should be kept as simple as possible.

To this end we are suggesting the following solution:

That the Provincial Government contribute:

1. 50% of the Gross cost of Education,
2. 100% of the cost of Hospitalization, which includes deficits, the cost of various Hospitalization Plans, and the cost of hospitalizing indigents.
3. Unconditional Grants-in-Aid to be awarded on a per capita basis with a bonusing system for rapid growth and demonstrated fiscal need.





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Using the foregoing suggestions as a basis of calculation, the following Table 2 shows the amounts which would be required by the City of Calgary to correct the Deficit position as shown in Table 1. You will note that Table 2 refers to the Gross Deficit position as we are eliminating present School Grants, Grants-in-Aid and Miscellaneous Grants from our calculations, and replacing them with the suggested new Grants.

I think possibly, if we would refer, Mr. Chairman to Table 1, you will note there that we have projected these figures and we show the total estimated expenditures and the total estimated revenues, and then the gross deficit, and then we take into account the present Provincial grants, Miscellaneous Grants that we are now receiving for various things, such as welfare and so on. And we then take off the present School Grant and the Provincial Grant-in-Aid, which we are receiving on a population basis now, and that brings us with a net deficit position which we say that we are faced with if we are to retain the same mill rate. That, of course, becomes progressively worse, but in the other Table . . .

Q THE CHAIRMAN: Mr. Batchelor, Mr. Mackintosh pointed out yesterday that these figures on Table 1 are based on the City's present boundaries?

A That is right. I am sorry I did not point that out. This





whole brief is in answer to your original request, and it is based on the City of Calgary as it exists at the present time.

Q Yes?

A I might point out that in our original submission, while we did not present the Commission with an estimated budget for the Metropolitan Area, an estimated current expenditure budget or to show the budgets for the whole area, we did in our original presentation to you show the impact of the costs on those individual areas and the development that should take place to bring them up to standard. And now in this brief we are showing you the actual current position of the City of Calgary, paying no attention to this other. We did not feel, first of all there was the matter of time, I suppose, but we did not feel that there would be any great purpose served by preparing an estimated budget for the Metropolitan Area. It is a slightly different situation here than it is up north, because they possibly, I don't know whether they will or won't, they might do that because they have fully-developed areas which they are proposing to annex, whereas here they are more or less undeveloped, and there is so much guesswork that would enter into it, whereas there they have a more or less reasonable basis to work on.

Q Yes?





A Mr.Chairman, coming back to Table 2, in Table 2 we have shown what would be the result of the suggestions which we have made for the solution of our problems, and in each case we are dealing with the gross deficit position, and for the purposes of this Table we are saying, are showing what we have suggested, that the Provincial Government might wash out all the present arrangements that they have as to the Grant-in-Aid, and bring it down to the simplest possible basis. All these contributions on behalf of the various types of legislation, I mean, for instance, in hospitals alone it is a major problem for the administrators of the hospitals to keep track of all the various Acts that cover the various types that they are paying the hospitals in regard to, and the contributions from the Government, while it covers a great field, I am quite prepared to admit it, I am speaking merely from an administrative point of view, it becomes very complicated, so that we are washing that out and starting with our gross deficit position, and then we are reflecting the results of what we have suggested if we could persuade the Government to support education to the extent of 50% and institute a Province-wide hospitalization plan.

So that you see from Table 2 that in the first year, using our calculations, it would show that we did not require a Grant-in-Aid, and that there was a slight surplus position. Well, in effect, that first year



does not count anyway, because even supposing that the Government were to support this idea, the legislation could not be there. So that the point is that the Grant-in-Aid would have to remain, even in that year, 1955.<sup>20</sup> But, as you go on from '55 to '56, you see, sirs, that then we are reflecting, first of all, the school costs based on the figures as supplied to us by the Calgary School Board and the Separate School Board, and they are fairly sound figures, because they have got this population impact pretty well calculated and they know their costs. Of all the institutions that we deal with they are probably the farthest ahead in their actual figures than anybody.

Q Mr. Batchelor, say that if for '55 the 50% Grant for schools would be so and so, roughly figured, then taking the grant as carried in your Table 1, what per cent is that of the total cost? I think Mr. Warren said 23, is that right?

A I thought it was 15, Mr. Chairman. I am not too sure about that.

Q No?

A I imagine that Mr. Warren would have submitted those figures.

Q Mr. Davies says I am too high.

A It seems to me the last time I checked it it wasn't 20%.





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MR. STRONG: 13%.

Q THE CHAIRMAN: Very well, I just was wondering how much of a chasm would have to be jumped here, and it is even greater than I feared.

A You see, by the time this comes from the Provincial Government - let us take education particularly. You can see how valuable that would be from the City's point of view, because, referring to Table 1 again, our education costs are just under \$6,000,000.00 in 1955, and they go over \$10,000,000.00 in the 5-year period.

Q Yes?

A An uncontrollable expenditure, as far as the City is concerned. We cannot control it and the School Board cannot control it. I mean, within very minor limits they can control their budget, but most of their costs are fixed costs over which they have very little control, so that you see the impossibility of tying that in, because that is one of the largest factors in their position.

Q COMMISSIONER ROBISON: Mr. Batchelor, can you say just offhand, if you can't it is all right, but if you could give us an answer to this that today you have no control over 60% of your expenditure, that is right, isn't it?

A 52.

Q Something like that. Now, on the basis of this projection

1947

1948

1949

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1954

1955

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1957

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1961

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1964

1965



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in 1959, would the position be somewhat the same with the new Grant position that you have outlined? Would it be as high as 60% over which you would have no control in '59?

A I see what you mean.

Q Do you see what I am driving at?

A Yes, I think so.

Q If it is confusing don't bother answering.

A I get your question, Mr. Commissioner, but I don't know.

Q It would seem to me that the ratio of no control would come down slightly, am I right in saying that?

A Yes, if all things became equal, if you reduced the amount to the School Board, which is the largest proportion, all things being equal, it would give us the biggest control.

Q That is right.

A Following that a little further, Commissioner Robison, the thought is that we would be relieving the taxation load on the other end. I mean, if we had a direct ratio. In other words, if we were able to reduce these school costs, then it is our hope that a portion of the saving at least that helps us out of the deficit position, would probably go on to relieve taxation definitely.

Q Or on account of debenture debt?

A Well, in whatever form it would be, it would get us into a better position.

and 1967, from the position of a ...  
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Yes, I ...  
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Yes, ...  
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Yes, ...  
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Yes, ...  
the ...

one thought is that we would be relieving the  
load on the ... I mean,

In other words, we were ...

Q Thanks.

Q COMMISSIONER DAVIES: Mr. Batchelor, when you say 50% for school in Table 2, am I correct in presuming that that means operational costs plus the annual debenture charges with regard to principal and interest?

A Well, in their operating costs, of course, the debenture charges are included. I mean, the School Boards come to the City for the difference between the total operating costs, which include debenture charges, and the amount which they receive in their revenues, such as grants from the Government, and the City puts up the difference. It is their full operating costs including debenture charges. I mean, it is the difference between that and their full costs, which the City has to subsidize.

Q COMMISSIONER BLACKSTOCK: Mr. Batchelor, predicated on the figures on Table 2, and assuming that the present grants continue, that there is no change, and assuming that there is no fresh source of revenue, then these totals for the various years and the total deficit would mean progressive increases in the mill rate?

A That is correct.

Q Could you translate those deficits into the additional mill rate required?

A Well, let us see, now. On the basis of our present estimates it is pretty difficult. Our present assessment is \$187,000,000.00, and a mill is \$187,000.00, so that





you get a deficit, in the first year it is over seven mills, and then it goes on.

Q And unless your assessment changes it would be approximately 13?

A 13 mills, yes. It keeps on getting progressively higher.

Q What is the present assessment again?

A \$187,000,000.00, and a mill is approximately \$187,000.00. That picture can change, but it does not alter the calculation that you are making, because the Council has stated here that it must be the same, so that you wouldn't be producing much more money anyway.

Q My idea is that to express it in terms of a mill rate it is much more apt?

A It is a little more effective than these astronomical figures.

Q That is right.

Q COMMISSIONER ROBISON: I think it would be wise just the same to point out that with this new reassessment, and all the new buildings, and taking Glendale in and everything, and taking all matters of that kind into account, that your new gross assessment is likely to be closer to \$200,000,000.00?

A Yes, I would think so.

Q Possibly \$200,000,000.00 or slightly more?

A It would be \$200,000.00 for a mill.

Q One mill would be \$200,000.00, and that would be a more





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accurate figure to work on?

A Yes.

Q COMMISSIONER BLACKSTOCK: But even before these areas come in the impact of your school costs is going to be increasingly great?

A That is right. Commissioner Strong and I have gone over this pretty carefully, and we tried to point out to the Council that while you are adding to your assessment, say, \$11,000,000.00 or \$12,000,000.00 or \$13,000,000.00, and all that sounds very well, and we say there should be an increase, and they say to us, "Now, you are adding \$13,000,000.00 to your assessment, surely you can operate without any increase." Well, from our analysis of our costs figures, and I am speaking of services and everything else, we have found that your costs are apt to creep ahead of what you can add in the way of assessment. And as you get bigger progressively, your costs seem to run a little bit higher. I am not theorizing as to why it should be, but it is an actual fact. That is what happens.

Q COMMISSIONER ROBISON: The bigger the city the bigger the cost proportionately?

A Yes, but you can't recover that cost in proportion to the increased assessment.

Q No.

A At least that is what we find.

Q That is right.



A I guess we digressed somewhat. I was dealing with the school costs and why it is so essential that we should establish that basis, and then, of course, we went on and took the hospitalization figure, and that is a conservative figure. You will notice it does not vary very much. In other words, with our present hospital facilities it doesn't vary very much. Now, what the situation will be 5 years from now, insofar as hospitalization in the City of Calgary, it is hard to say, but all we are taking is our present city hospital and projecting the costs of operating it, and the costs of the various hospitalization plans. I think that figure is on the conservative side. I think possibly we may find that that will be accelerated somewhat.

Q THE CHAIRMAN: Mr. Batchelor, that mill rate, that part of the mill rate attributable to hospitalization, did Dr. Wright say it was 8 decimal something, is that right?

A Yes, that is right, I think.

Q Thank you. I am just trying to keep the mill rate in mind.

A Yes.

Q As Mr. Blackstock suggested, because of the fact that I think the mill rate is the most effective way of getting something across to the public?

A Well, it is one that seems to affect them the most anyway.

Q Yes?





A As a matter of fact, that is something that we always have a great deal of difficulty in explaining to the public, the relationship between assessment, mill rates, and so on.

Q Yes.

A Mr. Chairman, the hospitalization costs are, as I say, comparatively, they are conservative, but the reason that we put that in, as I say, is for the purposes of simplification, and we do feel that possibly within this Province that it is quite within the realm of possibility that a Provincial-wide hospitalization scheme could be instituted. We do not think that we should have to bear these tremendous costs of hospitalization, which are a service to the people, other than in our own area. Of course, Dr. Wright, I imagine, covered that fairly well in the Hospital brief.

Q COMMISSIONER ROBISON: I have got three or four or five questions outlined for later, but I would like to ask you what may be considered, I think, a fundamental question on finance. There are 400,000 people in the two areas, Edmonton and Calgary, and there are approximately 1,000,000 people in the Province?

A Yes.

Q 40% of the people in the Province are involved in this situation?

A Yes.

As a matter of fact, the Commission has already  
made a study of the best of the material  
and is now conducting a research, which will  
and so on.

Yes.

Mr. Chairman, the Commission has already  
completed its study. The study is not exhaustive, but the research  
is being continued, and it is hoped that  
it will be completed in the near future. It is  
a very important study, and it is being  
conducted with the utmost care and  
accuracy. The Commission is confident  
that the results of the study will be  
of great value to the public.

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COMMISSIONER ROBINSON.

On the question outlined

Q Do you think it is possible to solve this on any sort of basis of equity or economics without the Government making financial grants for those cities? Now, I refer specially to sewer and water in Bowness. Do you see any other way of doing it apart from special grants?

A No, I cannot.

Q Capital grants?

A I can't see any way that it can be financed other than that, otherwise your tax will become, your tax load becomes progressive. I like to use the word "confiscatory" but people do not like that word, but it can have that effect. I cannot see any other solution than that, Commissioner Robison, because these areas cannot support the load otherwise.

Q COMMISSIONER BLACKSTOCK: Have you given any thought with regard to the return of debentures? 20 years is about the average now. Don't you think that is too short in view of the service life of water and sewer?

A I think that that, Mr. Commissioner, comes especially within Commissioner Strong's province. That can probably have a bearing with regard to the pipes and the type of construction that is being made today. But we have pointed that out in our dealings with the Government that they are apt to try and close up this Provincial debt too much. They say, "Well, we want so much at 5, so much at 10, so much at 15", and 25 is the maximum term.









interest charge, if it is going or being financed through a Government source, that is what I am saying, otherwise your interest costs become too heavy. But if it is done on a nominal basis on an extended term, and that would solve the financing to a very great extent.

Q These Government debentures are on an annuity plan, are they not?

A Yes.

Q Is it correct that to borrow on the annuity system is the most expensive type of borrowing? Have you ever seen a Table showing that?

A Yes, I am just trying to think now, your annuity system is more than a serial annuity. I am just trying to think of the sinking fund . . .

Q Oh, I am thinking of the serial debenture?

A Yes, the serial debenture, that is a more expensive form of financing than a straight annuity, such as we are on now.

Q Yes.

Q COMMISSIONER DAVIES: What is your average rate of interest on the debenture debt that the City of Calgary is liable for that is not held by the Provincial Government?

A Oh, it is about, it would be somewhere close to  $3\frac{1}{2}\%$ . We have financed, I mean before we ever financed with the Province of Alberta, the City of Calgary sold bonds as





little as 2%. I mean, their credit rating was very high. I mean, we sold bonds just as cheaply as the Federal Government back in the 40's, 10 years ago.

Q COMMISSIONER BLACKSTOCK: That was for redemption?

A That was for a refunding of some of our debentures, \$4,900,000.00, and we refunded those at 2, 2½, 3 and 3¼, that was the top rate, sold them just at, about at par.

Q These were serial debentures, not sinking fund?

A Yes, and those debentures will be written off in about 1962. We haven't very long to go now.

Q COMMISSIONER HAYES: Are those sources of financing open to you now?

A Do you mean . . .

Q The financing?

A On the open market?

Q Yes?

A Oh, absolutely.

Q Yes.

A I don't think or hesitate to say that if the City of Calgary wished to go on the open market tomorrow, that we could sell debentures, and I think that we could sell debentures at a rate which would approximate some of the borrowing we are doing from the Provincial Government. Now, I am out on a limb a long way, but I have talked to quite a few of these financial institutions, and they have been to see us, and so far as the City of Calgary is



concerned, they are still very interested.

Q The City Council determines what methods you are going to use in financing?

A Oh, yes, we would have to proceed with the approval of the Council.

Q Yes?

A But we have received money from the Province of Alberta, I am not denying that, at low rates. I would say that we could borrow on as low rates as they have allowed us in the last few years. They are good rates. But I am saying that having regard to the rates and the present current market, that we could come pretty close to it, which has been part of our argument with some of the chaps up there, that they should reduce their interest rates.

Q COMMISSIONER BLACKSTOCK: The interest has come down substantially in the last 18 months?

A Yes. From all accounts you just follow your short-term market, and they have only instituted that in the last year or 18 months, and they have got one of the finest short-term markets on the Continent, and the price that you are paying for those, you cannot make any money on them any more. That is a very strong indication of the market. But your high-grade securities, you see, as far as the West is concerned, what has been done as far as the Province of Alberta is concerned, the Province of





Alberta, or the Provincial Government has issued a debenture, and none of the major cities have issued a debenture. There have been some school issues that have been quoted on the open market, but as far as that is concerned, from the investor's point of view, there is nothing substantial has come out of the Province of Alberta, and anything in the Province of Alberta today is a preferred commodity, and I do not hesitate to say that we can go on the open market.

Q COMMISSIONER DAVIES: Are the sources that you could get this money at outside of Alberta, are they New York concerns, or would it be totally in Canada and be Canadian funds?

A I feel that we can do it in Canada. We have already been approached indirectly, I mean, by some of the bigger investors in the United States, and there was a group of them up here two years ago, and they travelled probably all across Canada, and they were very interested to know if we wanted any money, big insurance companies, and corporations of that nature.

Well, Mr. Chairman, we sort of digressed on these Tables slightly.

Q THE CHAIRMAN: Yes, I am not sure that I understand what you call Grants-in-Aid on a capital basis, that is without strings?

A That is the present grant that we are receiving.



Q Lumping them all together, or is there a specific grant now?

A What we referred to as a Grant-in-Aid is what we receive now from the Province on a per capita basis.

Q Yes?

A And it works out at about \$7.25 per capita. We are suggesting that that Grant-in-Aid be left on that basis, and then the suggestion was to put in there, or possibly if they wished to establish something whereby there is a floor to this grant, and then to put in some other factor which would compensate for the rapid population changes. We are talking about the two cities, but you could have the same situation in a much smaller community, where they would suddenly find themselves in a process of development that they could not keep up with, and we say that that is the time that the Government should step in and give some assistance, but, basically, we are saying that the present Grant-in-Aid should be left, and leave the other grant as simple as possible, and this is the one which would fluctuate as the position would change somewhat.

Q COMMISSIONER ROBISON: Mr. Batchelor, would you agree, I raised this question before, I think in Edmonton, would you agree that it is better from the Province's standpoint and the City's standpoint, if this financial assistance that flows one to the other be put on a





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systematic, be put on as a systematic a basis as possible? It seems to me that it is on a more or less diffused basis. I refer, for example, to matters like roads and bridges?

A Yes.

Q And some contribution be made there on some systematic basis, grants in lieu of taxation, so that you know where you are at. I mean, so that the cities are in a position of not being hard pressed at all times through lack of systemization of these grants, or grants in lieu of taxes. Do you agree that there should be a system as far as possible?

A It would assist us in our planning.

Q Yes?

A We sit down and spend a considerable time trying to think ahead. Now, the Council comes to us and says "When is the budget coming down? When are you going to produce those figures and those figures?" and we have to say that there are so many ramifications involved that we do not know, and we won't know until such time as the Provincial Government lets us know, when the Government is in session, what they are going to contribute in the way of grants, and also what they are going to contribute in the way of school grants, which affects the School Boards. Those things are always variable. We don't know from one year to the next just what our position is going to be exactly, and it would be far better from our point



of view, that is, the Commissioners' point of view, as administrators, if we did know, and then we can certainly do a little planning ahead. But, as I say, in all these figures that we are presenting to you, the biggest factor that we do not know is the projection of these grants from the Government. We don't know from one year to the next whether those figures are going to hold good, or improve or what.

Q It might save you some money in financing sometimes?

A Yes.

Q Having regard to your short-term borrowing?

A Yes, it could do that.

Q COMMISSIONER BLACKSTOCK: Have you any difficulty in getting money from the bank to tide you over while you are waiting for the budget and the mill rate?

A We are able to finance on our own without borrowing from the Government. We haven't had to borrow from them for some time.

Q COMMISSIONER ROPISON: From the banks, do you mean?

A Yes. I beg your pardon. There has been the odd time that we have for a short time, pending the receipt of capital money from the Government. That is what I started to say. There is the odd time that we might have had a loan.

Q COMMISSIONER BLACKSTOCK: That you got a loan from



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the bank?

A Yes.

Q MR. BREDIN: I suggest that is done by this prepayment of taxes where you pay 4% to anyone that pays their taxes at the end of the year, is that not right? And that has led to a substantial prepayment?

A Yes, that is correct. In other words, instead of borrowing from the bank we have borrowed from our own taxpayers. That is the basis we have proceeded on.

COMMISSIONER ROHISON: Mr. Batchelor, last night in going over one of these statements, it seems to me that there was an item of \$20,000.00 bank interest, for bank interest and matters of that kind. Do you recollect that? I am just trying to lay my hands on it at the moment?

A It is on page 44, if you have got our public statement.

Q I have got the financial statement for the year ending December 31st, '53?

A That is on page 44, what you are referring to, the figure of \$20,000.00. That is on page 44.

Q That is it.

A A large portion of that is interest paid on prepayments to our own people. In other words, as I say, we borrow from our own taxpayers rather than borrow from the bank. It is better for the taxpayers, if they prepay the



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Mr. Anderson, last

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not bank interest and matters of that kind. Do you

recalled that? I am just

is at the moment?

taxes, and then they can enjoy their summer vacations much more.

Q Yes.

A Do you wish me to read into the record page 2 of this, Mr. Bredin?

Q MR.BREDIN: I think it might be as well.

A Is it all right to go on?

THE CHAIRMAN: Yes.

COMMISSIONER BLACKSTOCK: I thought it was put in yesterday.

THE CHAIRMAN: Oh, yes, it was read in yesterday.

MR.BREDIN: Yes, it was read in yesterday, but I thought it might refresh the memory of Mr. Batchelor, in case there were any questions on it, if it doesn't take too much of the Commission's time.

THE CHAIRMAN: So long as Mr. Howard understands that he is not to put it in. You might read it to yourself.

A Yes, sir.

Q COMMISSIONER ROBISON: You are familiar with it?

A Yes.

MR.BREDIN: It was read yesterday, Mr. Batchelor.

Q THE CHAIRMAN: You have had a chance to

and then they can enjoy their summer vacations

do you wish me to read into the record page 2 or this

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Yes.

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Batchelor, in case there were any questions on it, it

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as Mr. Howard

understands that he is not to

read it to yourself.

glance at it?

A We have been away from this and we have been on so many other things, and now I have to come back to it again.

Q That is quite understandable.

A Oh, yes, we did in this next paragraph point out, as we mentioned earlier in this brief, we had projected a \$15,000,000.00 capital program, and it could conceivably be said, "Well, if we were in such, going to have such difficulty financing," the question might be asked about the difficulty in financing, and what we tried to point out, even if the capital program were not carried forward, and that is what this says here, we would still have a substantial deficit.

Q Yes.

A Because, as we say, with regard to the deficit which we set at almost \$10,000,000.00, the only portion of that, taking the impact that \$15,000,000.00 program, it was about \$3,500,000.00, which is roughly one-third, let us say in round figures, one-third, so that even if we do not continue with the capital program, which we consider essential to proper development of this city, on the basis of the figures that we have projected, we would still be in a gross deficit position, and that is brought about to a large extent by the impact of the school costs. I think that was the point they were trying to





make there.

Q COMMISSIONER DAVIES: Mr. Batchelor, in respect to this capital program, you are talking about \$15,000,000.00 per year for 5 years, commencing in 1955. I presume I am correct in thinking that you have a sheet where that total program of \$75,000,000.00 is all laid out, as to what it does cover and so on, have you?

A I don't know whether we have it right through to '59.

MR. STRONG: Mr. Chairman, we prepared in 1953 a 5-year capital budget, which was the first presentation of the capital budget to the Council, and that was projected for 5 years at that time, and it averaged approximately \$15,000,000.00 a year. We made some hypothetical assumptions here, and we have assumed that they will continue on.

A We have assumed that they will continue on on the basis of \$15,000,000.00.

Q COMMISSIONER DAVIES: For example, in 1955 what would be the list of items, roughly speaking, comprising that program?

A Pardon?

Q What would be the list of items, roughly speaking, comprising that program in 1955? Are there purchases in there of materials, I mean, are there bridges in there, or are there a lot of schools, or what is it, and is quite a bit of that program self-liquidating, that is,



improvements charged up to the property owners that come back, what is there?

A I think we will have to take a look at that.

Q COMMISSIONER BLACKSTOCK: Personally, I think the question that you cannot answer, and that you have to refer to Mr. Strong, should be deferred until he goes into the witness box.

A We are debating back and forth here, but we have this program in front of us now - pardon me, we haven't got it all sorted out yet. We can get those figures for you. I would rather have a little time to do it than try to quote from memory. We can do that. You might get part of that information from Commissioner Strong too.

THE CHAIRMAN: Yes.

A We mentioned here particularly in this section of the brief, Mr. Chairman, that no provision has been made about additional costs due to annexation. You asked that question and it is mentioned in there.

Q Yes?

A And we also mention there is very little chance of the Provincial Government taking over hospitalization costs this year, so that the Grant-in-Aid would have to remain, and in our final remarks we come to a question which Commissioner Robison just raised a few minutes ago.

Q Yes.

A At the present time Calgary receives an annual maintenance



grant to all designated arterial roads in the city, which amounts to approximately \$8,800.00 annually. Capital grants are also being made to certain bridges which are considered a part of the highway system, and capital grants are being received to certain sections of the new Trans-Canada highway on the basis of Dominion Government standards. In each case, the amount of the grant is determined by negotiation. The City cannot determine the net cost of any of these capital projects before they are commenced. We believe that projects of this nature in which the Government has a large responsibility should have a definite basis of contribution determined in advance. To this end we would recommend that to all arterial roads, highways, truck by-pass roads, market roads, which affect the metropolitan area, the contribution be not less than 50% of the total cost. All bridges and grade separations within the metropolitan area constructed on any of these thoroughfares should also qualify on the same basis.

In other words, we are coming back to what the Commissioner said that if it were on some basis whereby we would know we would continually, not continually, but every so often, run into difficulty with the Council where they will say "You are going to build this, that or the other", and "How much is the Government going to contribute to some of these," you must find that out before





you build it, and it is rather difficult. It is better sometimes to negotiate after the thing is in the process of being constructed, and then you can show them what you are doing, but it is not a satisfactory state of affairs.

Q COMMISSIONER DAVIES: Mr. Batchelor, it looks as if your Council is in the same position as a widow without any proposal; will you agree with that?

A I would agree with that.

Q THE CHAIRMAN: Mr. Batchelor, I would like to know if on the basis of given years, such as '53, you could tell the Commission what percentage the Government's contribution is towards the matters which are mentioned here, or others. You wouldn't know, perhaps, offhand, but I would like to get again some impression as to how great a spread there would be between the 50% that you are suggesting and the other. I do not care which year, '52, '53 or '54, any year that you might select?

A Well, if you look at Table 1, I think maybe I can get the figure that you are after there.

MR. STRONG: Here it is, I think.

A I am sorry, I cannot use that one, that is the Provincial Government's figures.

COMMISSIONER ROBISON: What are you looking for, the grant figures?

A Yes.

Q I have got them right here. . .

TO THE

MEMBERS

OF THE

BOARD OF

MANAGEMENT

AND

STAFF

OF THE

UNIVERSITY

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A I submitted them to you.

Q They are marked as Exhibit 38C.

A Excuse me making that statement, as these are the Provincial Government figures, and I am not questioning the authenticity of them, but the Government figures are for their fiscal year, which cuts right through the middle of our 2 years, I cannot reconcile them, but I did feel that the Commission should have the actual figures.

THE CHAIRMAN: That is Exhibit 38C.

MR. BREDIN: You will note, Mr. Chairman, for example, that the Provincial Government lists as a grant to the City the rebate of the liquor fines. Now, the Act provides that a certain percentage, 50%, of the fines received from prosecutions should be returned to the City. Now, the whole of the fine is paid into the Provincial Treasury, and there is a portion of that owing to the municipality, and the rebate of the half belonging to the municipality is shown or is considered as a grant to the City, which is quite incorrect, as 50% belongs to the City from the beginning. It is just a matter of bookkeeping. And it appears as a grant, but it is not a grant.

A While you are dwelling on that, I would also say, and I was not going to refer to this particularly, but if you go into this, it can be confusing, in the light





of our figures there. I mean, this has been argued before, where I have submitted certain figures to the Council, and then had the Council challenge those figures, and they would, or someone would take the figures that they had received from the Provincial Government. Again, for example, from this analysis that there is here, they include certain other grants along with current grants, which does confuse the issue. For instance, there is an allowance here for the Teachers' Retirement Fund Grant, and then there are other grants, public, health and welfare service, I believe, included in some of these figures, and so are the grants to Old Age Pensioners, I mean, everything in the area to which they contribute. I am not arguing that they do not contribute, but I do say that it has no direct bearing on the City of Calgary's financial situation.

Q COMMISSIONER DAVIES: Do you think it would make a much better figure if you struck out all those items which are common all over the Province?

A Yes. Well, of course, that is where we come back to our original position, and that is, we say, let us simplify this whole thing, so that there will be no basis for a lot of idle talk about it, and we will put it on the basis, where we will consider that there are two or three things that we are going to work on, and we will know where we are getting off at. And as far as



the correct Provincial picture is concerned, and, as I say, I would be the last one to take away from the Provincial Government any credit for what they are doing, but what I am saying is that a lot of the things they are doing is not of a direct benefit to the City of Calgary's administrators who are faced with this financial problem. In other words, you must divorce the province-wide things from the particular things that apply to this area.

Q That is my point, and in citing that I had felt if I had eliminated from that statement the statements which appear like in this Exhibit 38C, if I eliminated from there the grants to Calgary which are grants that are common all over the Province, and which is not representing, or does not represent any special aid of any kind given to the urban centre . . .

A Yes.

Q . . . then you get down to what is left, and, for example, that brings you directly up against school costs where you have been getting, say, 14%?

A Yes.

Q And many parts of the Province, in many parts of the Province they have been getting up to 80%, and having regard to all that, the differences between some centres and others, would you say where you think the correction should be?

[Faint, illegible text spanning the upper half of the page, possibly bleed-through from the reverse side.]

... Then you go down to the left,

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where ... not keep

[Faint, illegible text spanning the lower half of the page, possibly bleed-through from the reverse side.]

A By the way, Mr. Chairman, I imagine all of these questions have been gone over. I believe it is in our brief somewhere. You remember when Mr. Robison and I had a slight discussion about the change in the assessment of buildings?

Q THE CHAIRMAN: Yes.

A It was most interesting when we worked those figures out, and we weren't too sure what the impact would be. Have you gone over those figures, Mr. Robison? You have, apparently?

Q COMMISSIONER ROBISON: I have gone over them many times, Mr. Batchelor.

A Do you agree with our conclusions?

Q I agree with the arithmetic.

A It is pretty hard to generalize, you know, in a matter of that kind without making a complete study of a larger portion of this, but, taking what we did take, it would seem to indicate a transfer of the tax burden, possibly the way that we want to do it.

Q I think it requires further study, but there is one question arising out of that that I would like to ask you, and it is this, the residences in Edmonton are at 50%, as you know?

A Yes.

Q And at Calgary at 60%?

A Yes.

Q Now, on the basis of equalization, looking towards grants,



By the way, Mr. Chairman, I imagine all of these questions have been covered. I believe it is in our brief somewhere. You remember when Mr. Johnson and I had a slight

It was most interesting when we worked these things out and we tried to find out the effect which had been put over the

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COMMUNICATIONS ACT OF 1934 I have gone over

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that we want to do it.

re gives further study, but

-2503 -

don't you think that there is an argument that the two cities should have their assessment as nearly on the same basis as possible?

A Pardon me. That was the original intent, I believe, of the City Act, isn't that so?

MR. BREDIN: Yes. During the year 1952 we had the same, but they were all assessed at 60%, and in 1953 Edmonton obtained an amendment to revert to the position which they had in their old charter. There is a differential of 50 and 60%.

Q COMMISSIONER ROBISON: It does, I suppose, have a confusing situation when you are looking at the grants for the two cities, because you have to examine the figures very carefully?

A That brings us to the question of standardization of assessment, perhaps, and, I mean, that is fundamental too. There should be a standardization of assessment practices. I mean, you can set any scale that you want to as long as you have standard assessment practices. And I am inclined to the opinion that the Department of Assessment of the Provincial Government should take over the organization of a school of assessors. We have suggested to them before with regard to a school for assessors, and then you could come to standard practices. They are doing a wonderful job now, that Department of Assessment. They are always available for advice, and they do a tremendous amount of

Don't you think that there is an argument that the two cities should have basis as possible?

In me. That was the City Assessor's basis.

Yes, during the year 1952 we had the same, but the amendment to revert to

is a differential of 50 and 60%.

COMMISSIONER ROBINSON: In deed, I suppose, have a

confusing situation when you are at the time for the two cities, because you have to examine the figures very carefully?

As to the question of standardization of

assessment, perhaps, and, I mean, that is fundamental too.

There should be a standardization of assessment practices.

I mean, you can set any scale that you want to as long as

you have standard assessment practices.

to the opinion that the Department

work in regard to the rural areas. They do a lot of assessing, they do a lot of work, and even to the cities - they are of help to us, and we hope that they will expand their Assessment Branch to the point that they may establish a school, and then it would be quite sound throughout the whole area then.

Q Yes?

A We are in this position now, where the City of Calgary will have completed an evaluation, and we should be in a preferred position. I am speaking of the fundamental soundness of our assessments. When we complete this we will be, probably, in a better position than any place in the Province as far as the assessment is concerned, and it would be desirable to bring the whole area up to a fairly high standard and then try to maintain it. There is no sense of doing it and forgetting about it, and then in 5 years' time you will be faced with the same situation. That is what we are trying to do, and what we are planning to do is quite a departure in this part of the country, and that is, we are going to try and completely re-assess as we go along. It says in the Act that it should be done every five or six years, and you can't go more than eight years. And we are doing a re-assessment, and we are going to try to add to it, and, if we are successful, we believe that we will establish a pattern that other people will follow.





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Q A continuous assessment?

A Yes.

Q THE CHAIRMAN: Now, Mr. Batchelor, we are going to take our mid-morning recess. Now, in the interval will you glance over the rest of the brief and determine which sections you wish to call our attention to, or any particular part, bearing in mind that we did not read into the record the letter from Dr. Wright to the Council, because he had already submitted a very long statement which contained everything that is in this, neither did we read in the Gardiner letter, or the Gardiner address as to the situation in Toronto, because we had that in printed form some weeks ago. Now, the rest of it has all been covered, but we would like you, while you are here now, and in order to save your time, if you will glance over it, particularly the parts like these three pages, two and half pages at the end, and anything else dealing with the financial aspect, and then we might want to ask you some questions with regard to this graded service zones.

A I was going to suggest, Mr. Chairman, and I believe that Commissioner Strong probably would like to refer to the graded service and some other things.

Q You pick out the things that fall within your field, and then we will call Commissioner Strong to finish it up, and take the rest of it that has not been dealt with.

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and half pages

A Yes, sir.

Q We will be back at ten minutes after eleven, and if that is not time enough, at least you will have thought of enough things to bring to our attention at least until the luncheon hour.

A All right, sir.

(Hearing resumed after short adjournment).

Q THE CHAIRMAN: All right, Mr. Batchelor?

A Well, Mr. Chairman, I have covered the portion of this that I think is essential at this point, and I believe Commissioner Strong would like to discuss the graded service zones, and one or two other items. And part of this brief is in a form which, I believe, Mr. Bredin will discuss with you. As far as I am concerned, that is all I have.

Q Dr. Mayo intimated that there were one or two questions on the financial implications, as I understand it, of the graded zone proposal, and he thought that he should formulate the questions and then say, "Does this belong to you or does it belong to Mr. Strong?"

A He can do that, because I know Mr. Strong wishes to particularly discuss that phase of it with you, but if you will pose the questions, then we can decide.

THE CHAIRMAN: All right. Very well, Dr. Mayo.

.....

We will be back at ten minutes after eleven, and it is

is not time enough, at least you will have thought of

enough things to bring to our attention at least until the

luncheon hour.

All right, sir.

(He resumed after about a moment.)

THE CHAIRMAN: All right, Mr. Bachelard?

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Commissioner Strong would like to discuss the graded

service zones, and we on the other items. And part of

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Mr. Mayor, pleased that there were one or two

on the financial institutions, as I understand it,

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EXAMINATION BY DR. MAYO:

Q Well, sir, this graded service proposal has been put forward as a means of bringing utilities gradually to areas which may be annexed, and the proposal, broadly, is that some of these, that since some of these annexed areas will not be joining the service of the City utilities at once, that it would be hardly fair to ccharge the full city tax rates in the interim until they had received the utilities. That, as I understand it, is the proposal, is that correct?

A That is correct.

Q Now, Commissioner Strong will deal, I believe, with the physical aspects of this question. It seems to me that there are a few points that concern the financial and administrative aspects, and about which, I think, the questions would be more appropriately directed to you, Commissioner Batchelor. Now, it involves, does it not, differential mill rates in the areas that will be annexed?

A That is correct.

Q And that involves, in the first instance, an amendment to the City Act?

A Under the present legislation we cannot do that.

Q Now, what I would like to ask is, what do you think of the practicability of this differential mill rate scheme? Shall I make that a little plainer, what I have in mind?

A Yes, go ahead.



WATER

Q. Now, this graded service proposal has been put

forward as a means of bringing utilities gradually to

the areas which may be annexed, and the proposal, broadly,

is that some of the areas which are now annexed

will not be joining the service of the City utilities

at the time that it would be fairly fair to come

city tax rates in the interim until they had received the

utilities. That, as I understand it, is the proposal.

A. That is correct.

That is correct.

Q. Now, with respect to this question, it seems to me that

there are a few points that concern the financial and

administrative aspects, and about which, I think,

questions would be more appropriately directed to you.

Commissioner Lacholier. Now, it involves, does it not,

differential mill rates in the areas that will be at

That is correct.

Q And then if you would like to comment on it, Mr. Batchelor. What I have in mind is this: Are you not likely to get complaints from City residents when part of the city has one mill rate and part has another? Do you think that is not right?

A I beg your pardon. I thought you were continuing.

Q No, that is the question?

A I think you are quite correct, differential mill rates would be rather difficult things to establish to the satisfaction of everybody concerned. I am quite prepared to admit that.

Q You haven't any experience with differential mill rates?

A No, except with regard to the 40 mills on the acreage.

Q Yes?

A But the differential mill rate, as suggested here, I have no experience with. Incidentally, it does bring out that point that we brought out here, and that is the taxation of industry. And if we have amending legislation, then there is the possibility that that could be explored somewhat, because we are faced with the problem, as you realize, that through the freight rates we suffer in the west, and it is hard to get industry, and possibly some relief in the way of taxation might do it, but it must be done at Provincial levels. However, we make some reference to that at some other part of the brief.

Q That raises another point. If the City Act is amended

And then if you would like to comment on it, Mr. Batchelor? What I have in mind is this: Are you not likely to get complaints from residents of the city who will rate and pay another? Do you think that is not right? I beg your pardon. I thought you were continuing.

I think you are quite correct. Differential rates would be rather difficult things to establish. He satisfaction of everybody concerned. I am quite prepared to admit that.

Q You haven't any experience with differential rates? A No, except with regard to the 40 mills on the streets. Yes?

A But the differential will rate, as suggested here, I have no experience with. In detail, it does bring out that point that we brought out here, and that is the of industry. And if we have something to do with the industry that we are facing.

to allow for differential mill rates, couldn't they be exploited by City Councils to charge a different mill rate in the future for other reasons?

A Of course, are you referring to industry now?

Q Well, yes?

A I think we do point out in the brief particularly, or there is a suggestion that that would be explored, it would have to be by Provincial legislation, and it would have to be controlled very thoroughly by this legislation, because you wouldn't wish to put the cities in a position whereby one would compete with the other. I mean, that is the worst possible situation that you could have, and it would have to be governed by legislation, so that you could not exploit it.

Q That is a point that had not occurred to me at first, the possibility of abusing this differential mill rate in the future, but I can see that that can be prevented even by existing legislation. Now, another question that occurs to me, and that is, supposing the utilities are gradually extended, let us say, to Bowness, the cost of connecting with the utilities is going to be substantial. Now, if the householders, or a substantial part of them, in Bowness or Montgomery, say "We prefer to keep our mill rate that you have proposed rather than connect with the City utilities". Now, is it proposed under those circumstances to exercise any compulsion to make people

couldn't show be

Q. Now, did you remember the matter now?

W. Yes, I do.

A. I think we had a meeting on the 10th of July, or

there was a meeting on the 10th of July, or

it was on the 10th of July, or

have to be controlled by this legislation,

because of what I said in a position

of the law, I mean, that

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it would be a good idea to have

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occure to me, and that



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connect with the utilities, if they prefer the low mill rate and no utilities?

A Well, I would imagine if we would decide to extent the utilities into an area, that we would do similarly to what we have done in the city, we would insist that the places be connected up to the utilities.

Q Yes?

A In other words, there wouldn't be any option. I mean, the whole point in extending the utilities is to raise the standard of living in those areas, and it would be manifestly unfair not to do it, and it would be uneconomical.

Q They would be compelled to connect, in other words?

A Yes, I think so.

Q THE CHAIRMAN: Do I understand that that is a regulation within the city?

A Right now you aren't able to build in the city unless you are connected with sewer and water.

Q DR. MAYO: That is the existing buildings?

A Even new buildings that have not been connected to sewer or water because of no facilities available. When the facilities are available, they are compelled to connect to the sewer or the utility. I believe there is some power in the City Act whereby that can be enforced and charged up against the taxes. I am not quite sure. Mr. Bredin will be able to answer that. I am sure the



- 2511 -

power is in the City Act.

MR. BREDIN: There are compulsory powers in the City Act, and even under the Health Act.

A That is right.

Q COMMISSIONER DAVIES: Supposing that a man in that position says "I haven't got \$800.00 or \$1000.00 to put in plumbing or anything in my house", would you then go ahead and run your lines in there, and cap them and start to charge?

A We haven't had that experience, except, I mean, you are posing in there part of this same problem which you brought up before, that is in these areas it is not only the cost of financing the improvements, it is also the cost of connecting the people, to put the facilities in their house, and I believe at that time Commissioner

Strong made some reference to our experience in Windsor Park where Windsor Park was annexed to the City and these services were provided, and in a very short space of time, I forget, but he did mention the number of services, but they were practically all connected up. Isn't that so, Commissioner Strong?

MR. STRONG: Yes.

Q DR. MAYO: Could I sum it up that you believe, as a Commissioner of Finance, that this differential mill rate is politically, administratively and financially a feasible proposition?

power to in the city.

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A I think it is a feasible proposition. I mean, it will pose problems as we go along, there is no question about that, but I think it is based on a sound assumption, and I think it could be worked out.

Q Well, let me put another question to finish this. Is it not possible to make allowance in the assessment for the value of these properties that are beyond the reach of city utilities, and have the same mill rate, but make the allowance on the assessment, is that not a simpler method of going about it?

A Well, as a matter of fact, I am glad that you asked that question, because I am going to come to it in a moment. We went into that fairly thoroughly in our discussions, and it was our opinion that it would be better to have a sound assessment basis throughout the whole area, and vary your mill rate. We felt that was the preferable method of doing it. And it is amazing, even the way that we did some of those assessments, when we did some of those assessments on our own basis in Bowness, and we found that possibly the impact on them was less than now. In other words, we would prefer the assessment in the whole area on one basis, and vary the mill rate, as it was required, and then as you add your services to it, then you compensate for it in your mill rate. You see, you would have to break your mill rate down into its component parts, and what the costs of those services



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we found out possibly the

are mill-rate-wise in order to reflect it in your study, but it isn't, I wouldn't say, too difficult.

Q How much now is the lack of utility taken account of in making the assessment? In other words, is a house and a piece of land lying out beyond the reach of utilities assessed the same as an identical property connected to utilities?

A Oh, no, I wouldn't say that. I am not too familiar with the basis of the assessment. I mean, variation between areas, and availability to utilities would have a bearing.

Q So that this is already essentially effected in the assessment?

COMMISSIONER BLACKSTOCK: I would think, Dr. Mayo, that the differential would be in land value, but not in the buildings, otherwise the loss on water and sewer would be of a greater value than one that wasn't, and the assessment would be on the land and not on the improvements.

A I see the point that Dr. Mayo is coming to. What you are saying is, in effect, that there is a differential in assessment on the basis of the development as it exists at the moment, and you are quite correct there. But I misunderstood you, I thought you wanted us to vary the assessment more violently than it is varied in order to compensate and apply a mill rate which would be consistent throughout the whole area. I thought you wanted a



- 2514 -

further variation throughout the assessment, other than a normal variation, other than the land value being changed, and if putting in the utility or connecting the utility there is a differential in the mill rate scheme - I was quite right in my answer in that regard, but I will say this, if the area developed - in some of these subdivisions that we have developed here, the land value is taken at a certain figure. Now, when that subdivision is completely developed and everything else, then it will be brought up to date in the light of its development.

Q Don't you think considerable argument could be had in favour of the point of view that that is, in effect, sufficient differential whereby that comes in this lower assessment, having regard to the utilities, that you do not in addition need to put on a lower mill rate?

A Well, the point is that in some of these areas they are on the basis of a certain taxation now, and they are, more or less, self-supporting, and the point has been brought up, I think before this Commission, that they do not mind being annexed but they do not feel that they should be compelled to assume burdens which are of no great benefit to them, and that was the basis of our thinking.

Q Let me put it another way, Mr. Batchelor. At the moment there are areas within the city limits which are in much





the same position as the properties in Bowness, so far as utilities are concerned? Now, leaving aside the special 40-mill, those special 40-mill categories, they do not get a special mill rate, do they?

A No. I mean, you run into a different situation where you run into an area required possibly for very valuable development, I mean, the question of a mill rate on a shack worth \$300.00 or \$400.00 on a piece of land is very different to that of a fellow who has a few acres and a large building.

Q How about taking places, taking places like Bowness and a few other areas, different places, where you will be taking them in, and taking into account the utilities, and then take into account the differential scheme, having a differential in the mill rate, is the principle any different?

A The principle, I don't suppose, is any different, but this whole suggestion was based on the fact that, as I said before, some of these areas, their present type of development and their present taxation is sufficient to look after the area quite satisfactorily, and the feeling was until they demanded that type of service that they should not be forced to bear the impact of it. The areas such as you have mentioned were practically adjacent to the city, and the thing they wanted more than anything else, the things they wanted were the amenities

the same position as the properties in Bowness, so far  
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special 40-mill, those special 40-mill categories, they  
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The principle, I don't suppose, is any different, but  
this whole suggestion was based on the  
I said before, some of these areas,  
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- 2516 -

of the city. That is a slightly different proposition. I am referring now to Windsor Park. They wished to get into the city, they wished to get the services. Now, the opposite is true in some of these areas that you are referring to, in the graded service areas. They do not have any great desire to come into the city. They do not want anything that the city has to offer them at the moment.

Q Excuse me, that is not the evidence that we have before us. Those will be areas like Bowness and Montgomery, and they wish to come in and get city utilities?

A I am thinking about one other particular area that I had in this graded service area.

Q And that is the evidence as far as Forest Lawn is concerned.

A As far as that is concerned, if they wish to come into the city and if they wish to have all the city services, it could be possibly financed, if it could be, then they would be on the city mill rate. I am sorry, but I think we are talking maybe at cross-purposes. I was thinking of this differential mill rate. I believe we had a map, did we not?

MR. STRONG: The differential between the suburban and others, suburban and what is going to be urban.

A That is what I am saying, it is on the map there somewhere. We are talking at cross-purposes. We are talking about

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two different things.

Q DR.MAYO: Let us get that straight then. Let us start over again. You are not advocating a lower mill rate for Montgomery or Bowness or Forest Lawn?

A No, because in the case of those areas they would be up or should be up to city standards within a reasonably short period of time, if it could be financed, but this mill rate differential is to apply to the area which is in the area . . .

Q The agricultural area?

A The suburban life. I mean, I was thinking particularly of Subdivision 1, where there is a suburban type of existence up there. As far as these others, this graded service area does not necessarily apply to them.

Q Well, that has been a very useful set of answers, because we have cleared the question up as to these areas, we have cleared that out of the way, so that the problem is merely one, broadly speaking, of Division I, which is Springbank?

A Yes, that is right, the suburban.

Q And some of the areas east of the Bow. Well, the precedent that we have is the 40-mill rate for the agricultural blocks of acres?

A Yes.

Q Now, the graded service area, then, is to be an elaboration





of that kind of principle, I take it?

A That is the thought.

Q Now, you mentioned that you might have to re-examine the question of the country homes, or estates, of 20 acres or more in the area that was in the original brief. Would that come within the scope of the graded area scheme?

A Yes, that is all part of the area involved in this thing. In other words, I think the suggestion there is that this whole thing be washed out and the graded service area and a differential mill rate be established. It is this type of suburban-type life which would be affected by the mill rate differential, because it would be gradually developed and subdivided by a planned development, and as it is gradually subdivided and the services are extended, then it becomes part of the city, and then it goes on to the city mill rate. That is the general thought behind this thing.

Q Well, now, let me look at it in a slightly different way, and get your comment on this. You have made out a case for very large boundaries, and having done that, and realizing you are taking in these large rural areas, then you are forced to think about the mill rate, and you come up with this graded service scheme. Now, it is, of course, only if one is convinced of the need for enlarged areas that the graded service scheme is necessary

and the

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at all. Isn't there a lot to be said for the view that the really large boundaries are somewhat ambitious, since, in fact, the city's case rests on the need for controlling development with regard to them? If you have a strong district planning commission, the need for annexing a great deal of this territory does not arise. I realize it is a fundamental question, and because it is fundamental, I would like to have your comment on it.

A Well, it could be said to be almost question as to whether these boundaries are too ambitious or not. I mean, in the light of development that has gone on in the last few years, maybe they are not quite as ambitious as you think.

Q Yes?

A Insofar as controlling the area is concerned, it seems to me that it is better for us to control it by annexation than by any other method, and then we are certain of the control that we have. And if you take our requirements for industrial purposes particularly, which we have to look at very closely, then part of this annexation becomes almost an immediate necessity. But in the general planning of the whole annexed area, it would be to the advantage of the whole community if the areas of Forest Lawn, Montgomery and Powness, for instance, who have fairly substantial populations, are brought up by some method or other to the city standards.





Q That is a different point, Mr. Patchelor. I am not talking of these built-up areas.

A You are speaking with regard to what?

Q I am speaking of this large area, especially to the south and the southeast.

A The area to the south and the southeast is particularly what we require.

Q Well, that would involve setting forth on a map clearly the amount that you require for special purposes. Now, to look at the proposal, the proposal has gone far beyond what is required in the next few years for industry or residences. It has gone much further. It has gone south of Division I. For example, as you know, to take in areas, and the case for it was substantially one of control, is that correct?

A I think basically that was the thing behind it. I mean, this is more along Mr. Bredin's line than mine.

Q But you are involved in the financial scheme in this greater area, taking that in, that is why I am asking you for your comment?

A Yes.

Q Well, let us leave it for the moment. There is another little question here that I would like to take up, Mr. Patchelor. If you look at Plate 16 in the City's main brief, you can see there that one of the areas is, I believe, Springbank, Division 1?

The first of these is the fact that the

number of cases of the disease

in the United States is

about 100 cases a year.

It is

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which is not

infectious.

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found in all parts of the

country, but is more

prevalent in some

parts than in others.

and it is not

contagious.

I think actually that was the thing I was

Brookline's line than mine.

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case, taking her in, that is why I am asking

comment?

- 2521 -

A Yes.

Q And that has an industrial per capita assessment of \$3500.00, approximately?

A Yes.

Q Is that correct?

A Yes.

Q It would be a fair addition, I take it, to get the total per capita assessment by adding the industrial per capita to the residential per capita, and the agricultural per capita.

MR.MARTIN: It is \$3200.00, isn't it?

DR.MAYO: It is Division I I am talking about.

A And then there is the commercial industry.

MR. MARTIN: The total being \$475.00 in Division I.

DR. MAYO: It is just under \$5500.00, isn't it?

MR.MARTIN: Oh, it is under \$4000.00.

DR.MAYO: Well, if you add \$3500.00 to \$1500.00.

MR.MARTIN: Well, you have got \$500.00 and not \$1500.00.

DR. MAYO: Well, it is \$1500.00 in here (indicating).

MR.MARTIN: Yes, I am sorry, you have,

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that is right.

DR. MAYO: And that makes \$5500.00,  
approximately, in total.

MR. MARTIN: No, \$5000.00.

DR. MAYO: Let us go over this.  
You have got \$3500.00 industrial?

MR. MARTIN: That is for the industrial.

DR. MAYO: And with the \$1500.00 for  
residential and the agricultural is around \$500.00?

MR. MARTIN: Yes.

DR. MAYO: And that is a shade under  
\$5500.00?

MR. MARTIN: Yes.

Q DR. MAYO: That is what I wanted to  
ask you about, because in the Commissioners' order, or in  
the Commissioners' recommendation to the City Council, there  
seems to be a considerable discrepancy between the figure  
which they give, and this is Exhibit 25C, the Commissioners'  
Report to the members of the City Council, they say that  
this area, Division I, has a population of 1200 persons,  
and a tax assessment of 2.6 million, which gives you  
a per capita assessment of slightly less than \$2200.00.  
Now, at first sight, this is a glaring discrepancy, and  
that is what I wish you to explain.

A I am sorry. We will have to check that.

Q It may be that the areas are not exactly the same areas?



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Report to the members of the

- 2523 -

A Could be. We will just have to check this report.

Q Well, could you let us have that this afternoon?

MR. STRONG: I have a copy of it here, Mr. Chairman. The information that appears, if I might be permitted to interject, the information that appears in this recommendation was given us by certain Councillors of Division I verbally at a meeting, which we held several days prior to making this recommendation, and perhaps their information is incorrect. These were given to us by certain Councillors, and I would actually think that they were the right figures, under the circumstances.

A I was wondering if it was the same area, Commissioner Strong.

MR. STRONG: This was only Division I.

A I am questioning now whether we are comparing the same thing.

Q DR. MAYO: Yes, I wonder if we are comparing the same thing and for the same year?

A We can check that.

Q If you will refer also to the brief prepared by the ratepayers of Division I, and presented by Mr. Crawford here, you will find a set of figures which differs again.

A So that you have three different sets of figures.

Q What we want is, in case we have to use this material, we want something to rely on?

Just have to check this report.

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I am questioning now whether we are comparing the same

thing.

DR. MAYOR:

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- 2524 -

A Mr. Martin can make a note of that.

DR. MAYO: Now, to change the subject slightly, and keeping, Mr. Chairman, to financial matters . . .

THE CHAIRMAN: Yes.

Q DR. MAYO: You have made a recommendation, a very interesting recommendation, that there should be a bonus factor in Provincial grants based upon rapid growth and demonstrated fiscal need. Well, what I would like to have you comment on, Mr. Batchelor, is whether you could make this a little more definite, and give us, for example, your ideas as to how you would establish, first of all, the fairly simple rapid growth factor?

A Well, the thought, Mr. Chairman, behind that statement was this, that the grants in dollars from the Provincial Government are established on the per capita basis at the present time.

Q You are referring to the grants there under the Municipal Assistance Act, are you?

A Yes. We call it the Grant-in-Aid Act.

Q Yes?

A And it is on the basis of \$7.25, or something, per capita, which admittedly, is of great assistance to the municipality, but we feel that if they wish to establish a basis like that, I mean, in other words, nobody wants to

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give you a blank cheque, and if we find that the grant is not sufficient to close the gap caused by our financial position at the time, then some other factor should be introduced to enable the Government on some reasonable basis to vary this amount.

Q Yes?

A I mean, it is not fair to go to the Government and say, "We want you to pick up the tab for everything that we cannot pay for ourselves." In other words, we would have to demonstrate to them that the population growth of X is greater compared to the population growth throughout the whole area.

Q Now, excuse me. It is with regard to that very point that my question is directed. Are you suggesting that we should take the percentage growth of the Provincial population as a whole, and then say that that grows, say, by 3%, and Calgary grows by 7%, that we should have a bonus weighted to the 4%?

A Well, it would seem reasonable. I was dealing with the Province as a whole, therefore any variance between the average picture, which they had tried to take care of, and the locale in that area, I think it would be a reasonable basis. I mean, you might be faced with this, where the Province and the whole of Alberta, the population is rising at a greater rate than the Dominion average, and, well, I mean, the Province is particularly concerned with

and Calgary grows by a that we should have a power  
weight to the 400

Well, it would seem more like  
Province as a whole, therefore

- 2526 -

the situation within their own area, and if they are basing their grants to cover the whole area, then it should be in that particular manner.

Q That is not so often satisfactory. There are so many ways in which you could deal with regard to this average growth. Are you going to take the average of all the cities in the Province, and if they grow by x%, and then Calgary grows that much faster, so that it gets more than other cities, would you take the average of all the cities, and if they do grow by a certain per cent, and Calgary does grow that much faster, you take that into account, or you take the whole population growth? I am trying to get a specific case, or did you have one in mind?

A We didn't have one in mind. It was just suggested as another factor that could be discussed, and it was just a question of being introduced, and these are some of the things that you may discuss. You may sit down and discuss the problem. It is just a general thought that we have thrown out.

Q Very good. You have not any suggestion as to whether it should be like a similar situation in Ontario that was taken up, having regard to the basis that they calculated their unusually rapid growth?

A No, I don't know anything about that.

Q The other part of this is the demonstrated fiscal need.

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A Yes.

Q I was wondering if you could give us a formula by which the Provincial Government could calculate this? It would be probably the most valuable thing that has come out of all these hearings. Have you any ideas on it?

A Well, what you are saying there is - first of all, I will come back to what I said originally, that your basic Grant-in-aid is established, and then we are suggesting that it should be possibly expanded to take care of two things. One would be the population increase which was excessive compared to other areas, and, secondly, this wonderful phrase of demonstrated fiscal need. Now, I say that demonstrated fiscal need is shown in our statement, Table 1, in these projected figures from 1955 to 1959. Now, when you come to demonstrate fiscal needs, you would have to satisfy the granting authorities, first of all, that in the projection of operating figures that you had presented a reasonable figure. In other words, that you are not just carrying on a lot of activities which were unnecessary. In other words, the onus would be upon the City applying for the grant to prove to the granting authority that every reasonable economy had been effected in the budget, but in order to maintain a proper standard of operations throughout the City, that X dollars would be required to close the gap, and that is what we mean by demonstrated fiscal need. However, I





do say this, that it is a very broad subject. Conceivably, you can cut your current operating costs and pursue a false economy, which has happened before, or has been in this City, I would say, even forced upon us. But you are not doing reasonable maintenance and things like that. Well, if you have carried on that sort of economy for a period of years, then you will find yourself in a position where you have a worn-out city and tremendous capital costs, and that is a false economy. So that I say in determining this fiscal need, and taking an analysis of that, possibly the operating budget would have to be made and it would have to be discussed with Provincial officials, and we would have to prove to them that our costs were reasonable, that our revenues were properly calculated, and say to them, "Now, that is the result, we need so many dollars." It is a very broad subject, you know.

Q Now, Mr. Batchelor, that is very interesting, a very interesting proposal, but it is not quite what I had hoped you were coming up with. You see, the process, as you have outlined it, is the process of the Cities haggling every year with the Provincial Government over whether they really need a certain amount of money or not. Now, if that is going to be done for Calgary and Edmonton, presumably it is going to be, or it will be done for the other cities of the Province. Presumably it could

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be done for all municipalities. The Province will have to decide such questions as whether this Council which professes to be in need is really an extravagant Council, and say, "We will not give them any", or "We will give them less ." Now, what I was hoping was that you might develop it and give us some more objective criteria of need, so that the Province could have it, so that there would be less of the grants left to the process of haggling and more on a formula based upon, or a formula basis which would relieve all parties of considerable embarrassment.

A Well, of course, I say to you that if the Government follow our suggestion as to those costs, which we think they should accept, then we reduce this down to the point where it isn't quite so necessary. In other words, I mean, if you follow these figures here, the observation of those costs, that would be a very material factor on the end result. And I would say this, you spoke of haggling. Well, of course, it might be a matter of submitting your budgets to them for review. And, after all, I do feel that they would go into certain information. And how objective you can get about these things, I don't know.

Q Well . . .

A I mean, we can present these figures to them, which show what they consider is a demonstrated fiscal need, and

all, I do feel that you would go into certain  
regions.



then they could come back at us and say "Well, now, that is so", or they could say to us "Give us an analysis of your graded expenditures. What are your graded expenditures beyond the control position?" That would eliminate those that they know we cannot control. That would eliminate that for everybody.

Q And this process is to go on every year?

A Not necessarily.

Q Haggling with the Province over every budget?

A No, that is not in my mind at all.

Q That is what you have given us here?

A This is what I said was a demonstrated fiscal need. Here is, I say, a demonstrated fiscal need, so far as I am concerned, but whether the people who are granting that money would consider that, I don't know.

Q But all the authorities would have about the same budgetary problems with the Provincial Government each year, is what what the problem amounts to?

A Well, I don't suppose that every municipality in the Province is going to be faced with this situation. I wouldn't think so.

Q I am pretty sure that most of them would say they have a fiscal need if they knew that all they had to do, if they knew that that is all that they had to do to prove a fiscal need and get special grants to cover that. However, I won't follow that up.



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COMMISSIONER ROBISON:                   Excuse me a minute, Dr. Mayo, at this point.

Q    I wonder, Mr. Batchelor, with regard to the problem as to whether the Province lays the responsibility on the city, for instance, like this plant, the building of a sewage disposal plant, and without saying anything about it, would that then be a demonstrated fiscal need?

A    The impact of it would.

Q    The impact of it would?

A    Yes.

Q    Would that be one of the things that you might consider, whether they laid the responsibility on the City for capital costs without laying out how it should be paid for? That might be a demonstrated fiscal need? Would you agree with that?

A    Are you asking the question of me?

Q    Yes.

A    I thought you were asking Dr. Mayo.

COMMISSIONER ROBISON:                   I was just asking the question.

DR. MAYO:                               Well, I would like Mr. Batchelor to answer that.

COMMISSIONER ROBISON:                   Oh, yes, Mr. Batchelor must answer that, not you.

A    Of course, anything, any standards which the Provincial Government set up and force us to follow by legislation



or otherwise, that have an impact on the City's operations, would, in the end result, be part of a demonstrated fiscal need.

Q That is, hospitalization?

A Yes.

Q Education?

A Yes.

Q Health matters?

A All of these matters.

Q DR. MAYO: Now, could I ask you a slightly more, or a slightly broader question . . .

THE CHAIRMAN: Dr. Mayo, what is your plan with respect to further questioning?

DR. MAYO: This is my last question.

THE CHAIRMAN: Yes.

Q DR. MAYO: That is, the way that you look at this, and that is, that the Provincial Government should assist a city that demonstrates fiscal need? Now, another way of looking at it, which has been put forward to us from time to time, and I would like you to comment on this, and it is this, that if you look at the total revenues of the Province and municipalities combined, there is plenty of revenue to satisfy all legitimate requirements of the Provincial Government and of the municipalities as well, and that the cities are entitled to a share of that revenue rather than having



on operations, that have an impact on the City's operations,  
would, in and result, be part of a demonstrated fiscal  
need.

Health matters?

All of these matters.

DR. MAYO:

slightly more, on a slightly broader question.

DR. MAYO: What is your

THE CHAIRMAN:

please wish respect to

for questioning?

DR. MAYO: This is my question.

DR. MAYO:

THE CHAIRMAN:

Yes.

DR. MAYO: That is the way that you

DR. MAYO:

look at this, and that is, that the Provincial Govern-

ment should assist a city that demonstrates fiscal need?

at it, which has been

and I we

to go and prove a demonstrated fiscal need year by year. Now, that is quite a different approach to it. You do not take that one, you take the demonstrated fiscal need approach, and I wondered why. Would you like to give us a brief comment on that?

A Well, Dr. Mayo, first of all, the reference to revenues, that is one of the basic reasons in our thinking - first of all, we did not desire - we feel that taxation, in our opinion, having regard to the taxation, that nobody in the Province of Alberta needs to be taxed any more than they are today. We do not think that is necessary. Now, following along - I am sorry. I started to think about that, and I just forgot what was your question.

Q Well, you agreed that the reason that you did not ask for higher taxes was because you thought there was enough revenue in the Province to meet the Government's services, both provincially and municipally?

A Well, your question was what?

Q Do you want me to repeat the question?

A Yes, I am sorry. I started to think about this and lost the question. I am sorry.

Q If there is plenty of revenue in the Province of Alberta for the municipalities and the Provincial Government, why do you adopt the course of having to prove the municipal need every year rather than take the other approach and say "We are entitled to a proportion of that without



demonstrating that need?"

A Well, I mean, are you suggesting . . .

Q I am not suggesting anything. I am saying that this is a point of view that has been put before us, and you are partially adopting it and rejecting other fields of taxation, but you have not wholly adopted it. I was asking for your comments on it?

A Well, I say that we have tried to establish the fact that the Provincial Government should finance, help finance a greater proportion of the costs of operating the city than they are today. And I suggest that we have not suggested that we should get an open cheque from the Province. That is why I have come to this point where I say it is a demonstrated fiscal need, and I am putting myself in the place of the man, I always have the feeling of the man that is doling out the money. I am inclined to be somewhat that way myself in these matters, and think that they should have some assurance that we are not asking for a blank cheque. I mean, after all, Governments vary, even down at the municipal level, and while the administrations of the municipality are on a different basis now than what they were 20 years ago, I mean, it has become a highly technical field, still you are controlled by your elected body, and I think that it is not unreasonable to expect that the authority which is giving you

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the assistance should have some assurance that it is required. I cannot get too far away from that position, much as I would like to receive the money. I think there is some onus rests on you to prove the necessity for it, and I think the figures which we have presented all through here bear that out quite substantially.

Q Thank you.

THE CHAIRMAN:

All right.

(The Hearing then adjourned and resumed at 2 P.M.)

:::::::::



2 P.M. SESSION  
February 1st, 1955.

DUDLEY E. BATCHELOR,

recalled, already sworn, testified as follows:-

MR. BREDIN: I thought perhaps we were  
through with Mr. Batchelor, but Dr. Harries tells me  
he has a question or two.

THE CHAIRMAN: And there are one or two  
questions from the Bench as well.

MR. BREDIN: All right.

THE CHAIRMAN: All right, Dr. Harries.

MR. HARRIES: In the absence of Mr.  
Brownlee, sir, I was just wondering if I could ask a  
question or two?

THE CHAIRMAN: Would you come up here so  
that the reporter will be sure to get down what you say?

MR. HARRIES: Yes, sir.

.....

CROSS-EXAMINATION BY MR. HARRIES:

Q Sir, in connection with your graded service zone proposal,  
first of all, would it be the intention of the City to  
have this differential taxation applied to industry where  
industry does not receive all of those services from the  
city?

A Well, the thought behind the differential mill rate is  
that we feel that in order to encourage industry to come

2. SECTION  
February 1st, 1933.

GUTHRIE R. BATHURST.

recalled, already sworn, testified as follows:-

MR. BREDIN: I thought errors were

through with Mr. Bathurst and Mr. Harris called on

he had a question on his

THE CHAIRMAN: and there are one or two

questions from the Bench as well.

MR. BREDIN: A right.

THE CHAIRMAN: at right, as I think.

MR. HARRIS: no answer at all.

Brownlee, sir, I was just wondering if I could ask a

question or two.

THE CHAIRMAN: Would you come up here so

that the reporter will be sure to get down what you say?

MR. HARRIS: Yes, sir.

.....

into this area, and I am speaking of the whole area of this Province, that it might be desirable to relieve them of the impact of some of our taxation, and, that being the case, it might be a relief to all industry, regardless of whether certain factors entered into it or not, but, on the face of it, it would seem that those industries which are supplying service and they do not require the city's services, that they should be relieved of that part of the cost. But our basic thought was that all industry might be relieved of some part of this taxation load, in order to encourage them to industrialize this Province.

Q So that, in effect, sir, this is a proposal to lower industrial taxation in any area within the Province of Alberta?

A That is our thought. We feel if it is going to be done that it must be done on a Provincial basis. As I said this morning, it must be done on a Provincial basis to save one area or city competing in regard to tax purposes with another for industry, which would be undesirable.

Q I see. In the event that it could be shown that today there exists certain areas where industry may be located and be not charged for services that they do not require, would you think that that might in part answer the need you see, and in particular conform to the suggestion that you are making?





A Well, that might have the effect of having your industry locate away from your city.

Q It might well have the effect.

A Of course, we would rather have it consolidated into the area where your labour force is, and integrated into the whole development. I mean, you have a situation in the north where your industries are located outside of the area, which has created a problem, insofar as the City of Edmonton is concerned, which has already been placed before this Board.

Q So that is your proposal, in effect, therefore to encourage industry to locate in urban areas?

A That is our thought, that we would like to see the City of Calgary more highly industrialized than it is at the moment.

Q So that you then, first of all, you amend the suggestion made a few minutes ago to the effect that it was a Province-wide scheme, to say that it is a Province-wide scheme insofar as urban areas are concerned?

A That is correct.

Q And it would not, in your thinking, apply to rural areas where industry might wish to locate?

A Well, of course, I mean, the same rules should apply in all areas. I mean, after all, if you are going to establish a basis, it should be applicable throughout the Province. You have got a different basis of taxation



now between your rural and your urban areas. And in our calculation of taxation on two industrial plants adjacent to the City of Calgary, we discovered, much to everybody's surprise, that on the basis of our assessment and our mill rate, that we basically taxed the same as they are now in the other municipality, which is a different basis entirely

Q That is with respect to other urban areas?

A No, that was the municipality, one is in Springbank and the other is in Conrich, I think.

Q So that your scheme would not anticipate making a distinction between the tax reduction which might come to an industry located in an urban centre and a tax reduction which might come to an industry located in a rural area?

A No, I wouldn't anticipate that. I would think it would be preferable to establish a basis that industry locating within the Province would be sure that they would be taxed on the same basis anywhere. I am saying on the basis. I mean, there is a different application of mill rates within the area. I suppose that enters into it.

Q So that your proposal would not have the effect of encouraging industry to locate within an urban area?

A Other things might enter into it besides taxation.

Q That is the point I was going to ask you. In any event,





there are these other factors, which are important, and wouldn't that have the effect of giving the urban area a decided advantage?

A I think the urban area would, naturally, have an advantage to some extent due to the fact that it provides the labour force necessary, and certain other things, such as power and other facilities required.

Q Do you think the urban area today has the advantage?

A Well, I wouldn't be prepared to say that, no.

Q On the first page of the Addenda, sir, you note that one of the assumptions that has been made in connection with your budget calculations, is that the expenditures will increase by 10% with a 7% increase in population?

A Well, now, excuse me. Maybe that is not worded as well as it might be. What we did is take the 1954 budget, budgetted expenditures, and, in the first instance, increased them by 10%, and then we pro-rated this down to a dollar cost per 1000 pcpulation, and then calculated a 7% increase in population and added that on. In other words, we only added 10% to our 1954 budgetted cost to give us a base figure to work on, and from then on it is a progression at the rate of 7%.

Q I see. So that the increment to per capita costs comes only in the first year, not in successive years?

A Yes, not in successive years. I am sorry if it is not too clear.

there are these other factors, which are important, and

that the effort of giving the urban area

a decided

I think the

to some extent, and that the

the necessary, and certainly other things, such as power

and other facilities as well

Do you think the urban area today has an advantage?

Well, I think it is prepared to do that, no.

in the first part of the

the area, the area has been made to be a

on the other hand, the urban area will

you see by the way, the area is not that

Well, now, excuse me, maybe that is not worked as well as

it. What did it take the 1954 by the way, suggested

extended, and, in the first instance, increased, when

10%, and then we projected this down to a dollar cost

Q I was going to ask you, sir, why you assume that there would be an increment in your first year and not a continuing increment?

A Well, what we did was to take a look at our 1954 budgetted figures, and, as you probably noticed, in all of our presentations to the Commission, we had to take those on the assumption that we were not going to take any more dollars out of the taxpayers, so that we sort of tried to back our costs, and we added on 10%, because we ran into factors in 1954 which we thought would require that compensation in the first year, and from then on we practically set facilities on a, more or less, fixed budget insofar as the operating expenses are concerned, with the only variation being the 7% increase to take care of population.

Q I understood you to say this morning, sir, that it had been your experience that expenses always increased in a greater proportion than population?

A I don't think I said that. I think I said that the expenses increased, that by a population increase your expenses increased out of proportion to the amount of new taxation which is added on by reason of that population.

Q Well, isn't that the same?

A In other words . . .

Q Pardon me?

I was going to ask you, why you assume that there

would be an increment in your first year and not a

continuing increment?

Well, what we did was to take a look at our 1974 bud-

getted figures, and

of our presentations to the Commission, we had to take

those on the assumption that we were not going to take

or tried to back our costs, and we had to assume

we ran into factors in 1974 which we couldn't avoid

requiring that compensation in the first year, and from

then on we practically set facilities on a, more or

less, fixed budget insofar as the operating expenses

are concerned, with the only variation being the 25

increase to take care of population.

I understood you to say this morning, sir, that it had

been your experience that expenses always increased in

a greater proportion than population?

A In other words, the amount of value that you could derive through taxation of real property by the expansion and the population increase is offset to a greater degree by the expense of serving that increase in population.

Q This is not the same thing as saying that the per capita cost of serving a given population increases as the population increases? I thought it might be what you said.

COMMISSIONER ROBISON: I think I said that.

A It has a direct bearing, as the population increases, but what I am saying to you is that the revenue that you can expect to derive from the taxation of the property would not offset the corresponding increase in your costs.

Q MR. HARRIES: Yes. In connection with this matter of per capita cost increases due to population increase, would it be reasonable to differentiate between population increase within your present borders and what would, in effect, be a population increase as the result of an annexation proceeding? That is, the same principles apply to population increases?

A Do you mean brought about by annexation?

Q Yes? For instance, we might suppose that the population of Calgary would increase by 7000 people this year?

A Yes.





Q With no expansion in the borders?

A Yes.

Q And it might increase by 10,000 if you annexed Montgomery, for example?

A Yes, I see.

Q Would the characteristics of per capita costs be the same in those two cases?

A If you took the population in in those areas, such as Bowness, Montgomery and Forest Lawn, the costs would increase outside of that proportion.

Q That is what I suggest, sir. They would increase by what you might call, or what we might call our normal cost plus the cost of bringing services in those areas up to standard?

A But at the same time there would be quite a substantial variation in those figures.

Q I would have supposed so. That is all, thank you very much.

THE CHAIRMAN:  
of this witness?

Are there any other questions

MR. MACKINTOSH:

I have one or two questions.

THE CHAIRMAN:

Yes.

.....

With no expansion in the

Yes.

increase

Gomery, for example

Yes, I see.

the characteristics of our capital

of 25

could

Bowman, Monte, and Forest

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But at the same time there would be prices

variation in these figures.

I would have supposed so. That is all, thank you very

much.

EXAMINATION BY MR. MACKINTOSH:

Q Mr. Chairman, there are just one or two things that I wish to compare with. You are aware, Mr. Batchelor, that in The Town and Village Act there is provision where an owner of farm properties or small holdings is not assessed on the buildings that are used in connection with that farm, or the holdings on his land, but is only assessed at the value of the land for agricultural purposes. In the event of annexation, would there be any change? In other words, I notice through your brief the number of mills mentioned for agricultural land is 40 mills. That is the maximum. Now, in the application of that 40 mills, would it be only to the land, or would it be intended on annexation to tax both buildings and land?

A Mr. Chairman, I am not so sure that I can answer that question. I do not know whether legally we could vary it at all. I think Mr. Bredin would probably have to answer that question.

Q COMMISSIONER BLACKSTOCK: The 40 mills applies only to areas used for agricultural purposes.

A That is right. Where your main income is derived from that source. However, I am not too familiar with the legislation which Mr. Mackintosh is referring to, Mayor Mackintosh is referring to, that is, in The Town and Village Act. I am not sure of the legal position.

EXAMINATION BY MR. JACKSON

Q Mr. Chairman, there are just one or two things that I wish to compare with. You are aware, Mr. Batcher, that in the Town and Village Act there is provision where an owner of farm properties or small holdings is to see to the buildings that are used in connection with that farm, or the holdings on the farm, and that the assessed value of the land for agricultural purposes. In the event of annexation, would there be any change? In other words, I notice through your brief the number of mills mentioned for agricultural land is 40 mills. That is the maximum. Now, in the application of that 40 mills, would it be only on the land, or would it be intended on annexation to tax both buildings and land?

A Mr. Chairman, I am not so sure that I can answer that question. I do not know whether legally we could vary it at all. I think Mr. Bredin would probably have to answer that question.

OK:

Q MR. MACKINTOSH: I am not quite sure how you treat those lands at the present time. I understand that holdings of 8 acres and over in the City of Calgary receive a special tax exemption. Could you explain that item?

A They are all on the 40-mill rate.

Q That is only on the land and not on the buildings?

A Yes.

Q COMMISSIONER BLACKSTOCK: Mr. Mackintosh, under The Town and Village Act the Board of Public Utility Commissioners can take land away from the town or village, but, also, the Board can say, "We will not take that land away, we will leave you where you are, but we will put you on a special basis of taxation." That is how that arises.

MR. MACKINTOSH: I see.

COMMISSIONER BLACKSTOCK: And the theory of it is that while the land in question may not or should not have properly been included in the town or village, it, nevertheless, needs that revenue, and the land is left in the town or village, but on a special basis of taxation.

MR. MACKINTOSH: My understanding of The Town and Village Act is this, sir: In the first place, any and in excess of 20 acres can be used for farming purposes.

COMMISSIONER BLACKSTOCK: That is under The Assessment Act.





MR. MCKINTOSH: And any lands that are held by an owner who actually derives the greater portion of his living from that small acreage, is also exempt having regard to your buildings in connection with the land. I was wondering whether there would be any change in the proposed annexation.

Q Now, sir, the next question is this, that comparing the expenditures of Bowness and the other satellites that are placed in the same circumstances, comparing them with those in the City of Calgary, we have for educational purposes an expenditure during 1954 of 13.56 cents per capita, and in the City of Calgary that amounts to 22.92 cents; for general administration we have, for instance, 2.99 cents at Bowness, and for Calgary 4.68, and so on. And then the debt charges for Bowness, .53 cents, and 10.62 for Calgary. Now, is it your belief that with the larger tax basis that Bowness, Forest Lawn and Montgomery would acquire on being annexed to the City of Calgary, that it would compensate those towns or hamlets for the additional per capita expenses for those purposes and any other purposes?

A Well, in an analysis, I think that has been filed with this Commission of the taxation of certain properties in Bowness, and when we reflect the Calgary method of assessment and the Calgary mill rate, when we reflect the method of assessment to the mill rate, and I

and any lands that are

MR. A. SAINTON:

held by someone who actually derives the use  
of his living from that small acreage, is also now  
having regard to your buildings in connection with  
land. I was wondering whether there was  
charge in the proposed annexation.

the expenditures of Bowness and the other societies  
that are placed in the same circumstances, compared  
them with those in the City of Calgary. We have the  
educational rates, the expenditure during 1924 of  
13.56 cents per capita, and the City of Calgary  
that we have 12.54 cents; for general purposes  
we have, for instance, 2.99 cents at Bowness, and  
Calgary 1.7, and so on. And then the fire charges  
Bowness, .75 cents, and 10.62 for Calgary. Now, is  
your belief that with the larger tax basis that Bowness,  
Forest Lake and Montmery would acquire on being  
annexed to the City of Calgary, that it would be  
ditional per

believe that those figures, I haven't got them in front of me, but I think they establish the fact that the residents of Bowness, dollar-wise, would be slightly better off.

Q That is the point I wish to bring out. In the analysis of the assessment of Bowness as compared with the City of Calgary, do you clearly prove that the present levy of taxes in those selected residences that were selected, that there is a present levy of \$1972.62, and if those houses were transplanted in Calgary under the same conditions, without sewer and water, that levy would be, under the Calgary mill rate, in the amount of \$1597.28, or an decrease of, roughly, \$400.00, and even with sewer and water the difference would be a decrease of \$25.00 from the present Bowness assessment. Do you agree with that?

A Well, those figures are right as far as they go, yes.

Q Thank you.

MR. MACKINTOSH:

Thank you, Mr. Chairman.

THE CHAIRMAN:

Are there any other

questions?

MR. MAVEETY:

I have a couple.

THE CHAIRMAN:

Yes, Mayor Maveety.

.....

Thank you.

Well, those figures are right as far as they go, yes.

agree with that?

\$25.00 from the present house assessment. Do you

sewer and water the difference would be a decrease of

or an increase of \$100.00.

under the city will be in the same

conditions, without now any water, just in

cases were transferred to them and in some

that there is a present level in it and

of cases in those sections, cases in

of 501 ft. do you think

of the assessment of houses in

That is the point I wish to

EXAMINATION BY MR. MAVEETY:

- Q Mr. Chairman and Mr. Batchelor: In these unspecified grants, now, in making up your budget for the different departments, could it be said that an organized department such as your School Board and your Hospital, that they are better organized to get a better share, and did get a better share by continual expanding, they might properly get more of an unconditional grant than should be spent in those departments?
- A Mr. Chairman, if I get the question correctly, I think we have established the fact insofar as the School Board is concerned, that the grants we are getting are very minor in comparison to the over-all cost of education. I do not quite follow you, Mayor Maveety, what you are getting at. Are you referring to the grants-in-aid that we now get?
- Q Yes, if it was continued, the Grants-in-Aid, without any specification to what department they were to go to, wouldn't two or three of the best organized departments get the majority of them?
- A Oh, no, the Grant-in-Aid is applied to the operation of the City as a whole. I mean, what you do with the Grant-in-Aid is that you finally break it down into its component parts and reflect it against the mill rate, and it is provided for specific services. I mean, it is not awarded to any specific place. I mean, it is just a

EXAMINATION BY MR. MAYNARD:

Q Mr. Chairman, Mr. Hatcher, in these specialized  
branches, now, in making your budget for the different  
departments, would it be said that an organized depart-  
ment such as the School Board and, for instance, that  
they are not "organized" in the same way, and  
did not have the same kind of organization, and, would  
you say that the School Board is an organized  
department?

A Mr. Chairman, I think the question is whether  
we have a School Board as the School Board  
is organized in the same way as the other  
departments in comparison to the other-all sort of education.  
I do not know of any other, however, what you are  
referring to, as an organized department?

Q Yes, if it was continued, the "waste-in-Aid," would any  
specification to what department they were to go to,  
two or three of the best organized department  
...of them?



relief of the general burden against real property.

Q Yes, but if your School Board or your Hospital suddenly sees that your Grant-in-Aid was going to become trebled, or some such fantastic figure, do you think that they would hold back, and that instead they would go in for some things that they possibly have been holding back for in the past, and did not think that they might get?

A I don't think that pertains, Mr. Chairman.

Q Would you say that some sort of inspection might be in line to avoid the hidden taxes such as are being used in the utilities?

A I don't know of any hidden taxes in the utilities. I am speaking now of the City of Calgary. I don't know of any hidden taxes in the utilities.

Q Well, the profits of \$1,800,000.00 which, for your information, was brought out here at this Hearing . . .

A How much?

Q \$1,800,000.00 for your Electric Light Department. A lot of it was ploughed back into the general revenue. Would you not call that a hidden tax?

A No, I certainly wouldn't call it a hidden tax, and I question the figure, as a matter of fact. I haven't got my financial statement in front of me, but I am quite certain that the profits from electric light were not \$1,800,000.00.

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Q This is for the year 1953?

A Well, maybe we had better not get into an argument about that. What was your question again? I just questioned your figure.

Q Would you think that there should be some guard by inspection means, such as we have in The Town and Village Act, that could possibly be used in the city to stop repeated exploitations of this sort?

A Of course, Mr. Chairman, this is opening up a very large field of discussion. I mean, you come to that theory of public ownership which is a theory of distributing any commodity at as close to cost as possible. That is the theory. There is a different way of looking at it than that. I would say the controlling factor is this, so long as your rates are reasonable, and are in proportion to the rates of similar utilities throughout the country, then you cannot get yourself into a very bad position. If you got yourself into a bad position rate-wise on the basis of that comparison, your consumers would be the first ones to serve notice on you that something was wrong. I mean, there is the inspection that you would get.

Q That would be a matter of opinion, certainly, sir. If your light rates are cut in two, you might be getting that much more and have that much more business in the locality too. Thank you, Mr. Chairman.



COMMISSIONER ROBISON:                    There is another thing I thought about with regard to that, Mr. Batchelor. If your profits are x dollars, I have forgotten what it is, out of your utilities, Mayor Maveety says that is a hidden profit, you could say to the users of electric light in the City of Calgary, "Would you sooner pay the present electric light rates, or would you sooner have an increase of 8 mills on your property?" Isn't that your alternative?

A     Well, that could be so.

Q     The only thing, with regard to the consumers of electric power, you would tap more people than you do in the ownership of land. There are more people using electrical outlets than you have tax payers, isn't that right?

A     Yes, that is right. It distributes proportionately the burden of the City of Calgary over a larger proportion of the people. But, I say again, so long as your rates are reasonable and in line, you won't run into too much difficulty. This reference to hidden profits, which term I do not particularly agree or care for, may have some reference to some of the capital improvements we make out of revenue, but it is a reasonable thing to do. I would like to see us in the position where possibly the ideal position is to be able to finance everything, so that we don't have to go to the Government or lending institutions.

CONSTITUTIONAL HISTORY

thought about with regard to

12. forgotten

out of your utilities, there have been

hidden profits, you could have

in the past you could have

the present electric light

have an increase of this your property, isn't it?

that you are electric

Well, that would be no.

The only thing that would be no. the consumption of electric

power, is that you do in the

ownership of the electric utility and more people using electricity

outlets than you have tax payers, isn't that right?

Yes, that is right. It is distributed proportionately the

burden of the City of Calgary over a larger proportion

of the people. But, I say again, so long as your rates



- 2552 -

MR. MAVEETY:

I said hidden taxes, not

hidden profits.

Q

COMMISSIONER DAVIES:

Is this very consistent,

Commissioner Batchelor? You told us this morning about the desirability of spreading the cost over the current property? It does not sound very consistent to me, having regard to what you said this morning on other capital expenditures?

A

Well, I wasn't questioning the fact that you were spreading the cost there. I say that the method of financing whereby you are doing things out of current operations, some people say it is more desirable. But, I mean, the point, as far as the utility is concerned, it has been kept up to a fairly high degree of efficiency by contributions from its revenue, and I think that is sound financing.

Q

THE CHAURMAN:

Mr. Maveety wanted to

correct you. I think you used the expression "hidden profits" and he said the expression that he used was "hidden taxes".

THE CHAIRMAN:

Is that correct, Mayor

Maveety?

MR. MAVEETY:

That is right, sir.

A

I beg your pardon.

Q

THE CHAIRMAN:

I just wanted to keep the

record straight.

A

I am sorry.

Q

I just wanted the record corrected.

LAUREN

correct you. I think  
and he said the expression

THE CHAIRMAN:

right, sir.

Q COMMISSIONER ROBISON: Supposing someone said that all the profits of the electric utility should be given to the people in lower electric light rates. Do you see what I mean? What would the City then, what would be the position of the City then dollar-wise? Say the profit last year was \$1,000,000.00, would the City have to do something about that gap? They would have to either raise the mill rate or cut expenditures, is that right?

A That is true to a certain extent. The point is this, that insofar as the operations of the City's utilities are concerned . . .

Q Yes?

A . . . the Transit System are retaining their own profits now. I am not discussing what has gone on in the past. We find that, having regard to their own business, it is all the department can do to support itself. The same applies to the Water Department. The only utility we have left is the Electric Light, and the trend is that less money will become available through general revenue than has been in the past. It has been necessary for expansion in this utility, and the profits from that utility taken into general revenue last year were some \$627,000.00.

Q COMMISSIONER DAVIES: When you say last year, Commissioner Batchelor, do you mean '54?

A I beg your pardon. I am still in '54. I mean '53, the

# COMMISSIONER ROBERT

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Yes?

... the Transit System  
now. I am not discussing  
We find that, having regard to their own business, it is  
deeper meant. can do to supply itself. The same  
applies to the Water Department. The only utility we  
have left is the Electric Light, and the spread  
less money will

last published statement.

Q Mayor Maveety said it was \$1,800,000.00?

A He is probably correct.

Q MR. BROWN: He might have been adding the 5% tax.

A The 5% tax is not a profit. Goodness gracious me, you cannot operate without a franchise tax. That is a normal tax.

Q COMMISSIONER DAVIES: The Gas Company operates in Calgary without a franchise tax.

A The Gas Company operates in Calgary without a franchise tax, but they, Commissioner Davies, certainly pay taxes in another form. They pay taxes on the mill rate on the capital investment that they have in the ground in the city. The point is, insofar as a public utility is concerned, it must be borne in mind that the publicly-owned utility is in the preferred position right from the start, from the point of taxation, and speaking of income tax, it is in a preferred position over any other like utility, so that therefore it is reasonable to suppose, being in that preferred position, that the residents of the area, the taxpayers of the area, should benefit, if it can be efficiently managed, to some extent by reason of that preferred position.

Q COMMISSIONER ROBISON: If they are privately owned they would be paying taxes?

1. The first point is that the

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- 2555 -

- A Yes, if they were privately owned they would be paying taxes on their income.
- Q COMMISSIONER BLACKSTOCK: Can you tell me the theory on which a municipality, or a municipally-owned utility is not subject to regulation?
- A Is not subject to regulation?
- Q Yes?
- A The utility is subject to regulation.
- Q A municipally-owned utility? Oh, certainly not.
- A They are subject to regulation by the management of the city, the same as any other department.
- Q I am speaking of the Public Utilities Board which has jurisdiction over all utilities other than those owned by the municipalities. Can you give the theory of that exemption, the theory which underlies that exemption?
- A I suppose the theory is that the utility is owned by the citizens of the city, and that they are running it themselves and can run it to suit themselves.
- Q At cost? That is why you do not require regulation, because, theoretically, you own the utility and you operate it at cost?
- A That is the theory.
- Q Quite so, quite so, but, I mean, developing it a little further, can you tell me the percentage of your profits with regard to your capital investment?
- A No, I can't tell you, sir, because we haven't the capitali-

Yes, if they want to pay taxes on their income.

COMMISSIONER BLACK: Can you tell me the theory on a municipality, or a city, is not subject to regulation? Is not subject to regulation?

Yes?

The utility is subject to regulation. A municipally-owned utility, certainly. They are subject to regulation. city, the same as any other city.

I am speaking of the Public Utility Commission jurisdiction. Can you give the theory of that exception, the theory which underlies that exception? I suppose the theory is that the citizens of the city, and that they are running themselves and can run it to suit themselves. At cost? That is why you do not regulate, is that right?

- 2556 -

zation of our utility.

Q Well, as it is shown in the books?

A There is no, or hardly any capital investment that is shown as far as the electric utility is concerned.

Q But still, Commissioner Batchelor, you have a capital investment, haven't you?

Q COMMISSIONER DAVIES: You have paid for it all out of revenue except \$34,000.00 some odd, and you say you haven't got any, but the people have paid for it already.

A Oh, yes, we have had a capital investment.

Q COMMISSIONER BLACKSTOCK: What is it as is shown on your balance sheet?

A I haven't calculated that.

Q I haven't either, but I see Commissioner Davies had. What is it, Commissioner Davies? What is it as is shown in their own balance sheet?

Q COMMISSIONER DAVIES: Well, you have got \$34,000.00 in the electric light department, that is the only debt you have?

A Yes.

Q And I believe that all of the other debt was paid for out of you following the policy of charging up capital expenditures to revenue, of which there was \$960,000.00 for expenditures in 1953, so that while you have capital assets there, while you have those assets there, they

action or out.

Well, as I show in the

there is no, or but any more

shown as the electric

but still, Commission persons

investment, haven't

OWNERSHIP OF THE

OUT I never expect [unclear]

YOU [unclear] [unclear]

ST-224.

Q, you [unclear] [unclear]

COMMISSION [unclear] [unclear]

your balance sheet?

I haven't [unclear] [unclear]

I haven't [unclear] [unclear] [unclear] [unclear]

What is the Commission [unclear] [unclear]

their own balance sheet?

Q. THE OWNERSHIP OF THE [unclear] [unclear]

in the electric light department

2-1-24

are all paid for out of revenue?

A That is correct.

Q So that if you are going to figure your profit on what you have got invested now at \$34,000.00, I would hesitate to make the calculation percentage-wise.

A So would I, but I still say that basically our rates, and I can substantiate that by figures, which Mr. Strong has, our rates are competitive.

Q There is something in your brief, Mr. Commissioner, that you are complaining about because Edmonton owns its own power house, and that you thought that that type of competition difficult?

A Under our present rate structure we cannot reduce it below that cost and buy power, that is the point that we are making there.

Q I am afraid I cannot follow that, because if you are making a good profit, <sup>and</sup> you reduce your rates, all you do is cut the margin of profit?

A Well, but I say that we cannot cut the rate to industry below the rate that we pay for the purchase of the power.

Q COMMISSIONER BLACKSTOCK: Supposing you were negotiating a new contract with the Calgary Power, what rate do you think they would be entitled to on their capital investment, what rate of interest or rate of earning, if you prefer to call it that?

A I wouldn't say.

are all right for me, aren't they?

That is correct.

I am not going to figure out  
you have not decided on a  
to make the right decision  
to make it, but I will be  
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I am not going to figure out  
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to make it, but I will be  
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and I will be able to  
and I will be able to



- 2558 -

Q I suppose you would be shocked if they asked for 10%, wouldn't you?

A I imagine so, I do not think the situation is quite analogous.

Q COMMISSIONER DAVIES: While we are on this discussion, can you tell me offhand what it works out that the power load costs you in terms of horsepower?

A Oh, I haven't got that figure. Have you, Commissioner Strong?

COMMISSIONER BLACKSTOCK: I think you need your Electric Light superintendent to answer that.

A We did file some figures on that.

MR. STRONG: Do you mean in terms of maximum taken?

COMMISSIONER DAVIES: I think there were some figures suggested somewhere in the evidence that it would cost around \$28.00 or \$29.00 a horsepower. The kilowatt rate is  $3/4$  of a cent.

MR. STRONG: That is right. You can figure that out from the amount of power that we purchase, to get the total of that.

MR. BREDIN: I think Mr. Gaherty made that statement in his evidence, and I don't think anyone agreed with it.

COMMISSIONER DAVIES:  $3/4$  of a cent is in the copy of the agreement.

I have said that the

not that the situation is worse than

was.

CONSTITUTIONAL LAW: While we are on this

subject, can you tell me what is the cost of

the power line cable for in terms of horsepower?

Oh, I haven't got that figure. Have you, Commissioner?

Yes.

COMMISSIONER: I think it is about

1000 feet and it is about 1000 feet

in length and it is about 1000 feet

CONSTITUTIONAL LAW: I think there were some

figures and it is somewhat in the evidence that it would

cost around \$28.00 or \$30.00 a horsepower. The answer?

rate is 1/4 of a cent.

MR. STRONG:

MR. BREDIN: That figure, but the other figure?

THE CHAIRMAN: Do you mean the horsepower rate?

MR. BREDIN: Yes.

THE CHAIRMAN: He was just making a rough estimate.

.....

EXAMINATION BY COMMISSIONER ROBISON:

Q Commissioner Batchelor, suppose that the electric light utility in the City of Calgary was privately owned, and, take it on the present mill rate, have you any idea, just in rough terms, what amount of taxes they would pay?

A No, sir, I haven't. As I say, we would have to make a complete evaluation of the capital value of the utility at the present time, and that is something we haven't got.

Q Well, is it equitable, is it equitable to use the annual surplus in lieu of what a privately-owned corporation operating a similar business in the same building would pay by way of taxes on their property, just like the Gas Company? Is that a sound way of looking at it?

A I mean we would have to compare it on that basis, and to do that you would have to have the evaluation.

Q Well, I mean, on the principle, is that a sound way of looking at it, in your opinion?

A I would say so.

the history.

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ST. LOUIS, MO., MAY 10, 1900

Mr. J. M. Smith

St. Louis, Mo.

Dear Sir:

I have not yet received your letter of the 10th.

I have not yet received your letter of the 10th.

I have not yet received your letter of the 10th.

I have not yet received your letter of the 10th.

I have not yet received your letter of the 10th.

I have not yet received your letter of the 10th.

I have not yet received your letter of the 10th.

- Q COMMISSIONER DAVIES: Is it a fact that this 5% tax that has been put on, isn't it a fact that the 5% tax was put on by Edmonton and Calgary because their profits got so high that they thought they had better tax it?
- A That 5% tax on the utility operation has been in existence a good many years now.
- Q I think if you check back, check back in Edmonton, you will find that the profits got looking so large, that they decided, as they were a public utility, in the case of Edmonton, they were getting 5% on the gas franchise, that they should charge the electrical department, and then it finally spread through all the departments, and spread to the Transit System, and then spread to where they taxed property. Will you tell me, I can't quite understand this, you can't tax Dominion property in the City of Calgary and you can't tax Provincial property, why should you go out of the way to tax your own property? You do not tax the City Hall, do you?
- A This is on a slightly different basis. It is putting it similarly through the private-owned utility. In other words, your rate structure, basically, should be quite capable of carrying those taxes which a comparable organization privately operated would pay. And there is one thing I want to say, when you come to an analysis of the end result, regardless of the figures which are drawn up,





which, I mean, come about through a very efficient management, when you come to an analysis of the situation, what is the basis of comparison? And I say the basis of comparison is the rates, and if your rates are comparable in the area, and I can show you where these rates are comparable across the Dominion of Canada, then I say there is nothing basically wrong with our method of administering it. And I come again to the point where the distribution of a part of the load, over the uses of your utility, the load that is carried by this city, and to do that in order so that all men benefit, I say that is not unsound.

Q THE CHAIRMAN: That is just a different theory of financing?

A Yes.

Q COMMISSIONER DAVIES: Don't the people who pay the rents on the houses, the people who own the houses, or the people that own the business places, it is the renters that pay the taxes on those places? It is the renter that pays the tax on the property in the long run, having regard to every calculation made with regard to that?

A That is a question I wouldn't like to answer in the affirmative, because if you follow real estate through a period of a long time, you will find that there have been periods when the rate of return from rents certainly did not pay the taxes.

Q COMMISSIONER ROBISONE What about property under

which, I was, come about through a very obvious thing -  
ment, when you come to an analysis of the situation  
is the basis of comparison? And I say the basis of com-  
parison is the rates, and if your rates are comparable  
in the area, and I can show you where in  
comparable across the Dominion of Canada, when I say the  
is nothing basically wrong with our method of administration  
it. And I come again to the point where the distribution  
of a part of the land, even the need of your money, the  
load that is carried by  
as that all men benefit, I say that

THE CHAIRMAN: Yes.  
theory of financing.

COMMISSIONER DAVIES: Yes.  
the rents of the houses, the people who own the houses, or  
the people that own the business places, it is the renters  
that pay the taxes on those places. Is the renter the

Rental Control?

A There you have it, if you want to analyze the situation, you can take the situation which developed in France where they destroyed practically the value of real property by artificial control, and that has been one instance, and that has been since, I believe, the first Great War and never did come back.

COMMISSIONER ROBISON: Now, Mr. Chairman, a moment ago I wanted to follow up . . .

THE CHAIRMAN: Mr. Robison, just a minute.

COMMISSIONER ROBISON: I wanted to go into the question and get something on the record with regard to this graded service before Mr. Batchelor finished.

THE CHAIRMAN: Well, I think Mr. Davies was going to follow something up.

COMMISSIONER ROBISON: I thought it would be better to keep it all together.

COMMISSIONER DAVIES: I thought we were going into the utilities later, and that that would involve a full discussion, with regard to the utilities. I thought we were going back to the discussion that was on this morning, so that you continue, Commissioner Robison.

COMMISSIONER ROBISON: My only reason was to keep it all together.

THE CHAIRMAN: Yes.

.....

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General

There are two parts to it. The first part is a general statement of the facts of the case. The second part is a statement of the facts of the case.

General

The first part is a general statement of the facts of the case. The second part is a statement of the facts of the case.

General

There are two parts to it. The first part is a general statement of the facts of the case. The second part is a statement of the facts of the case.

EXAMINATION BY COMMISSIONER ROBISON:

Q Commissioner Batchelor, going back to this graded service, or the graded service zones, it is a fact that the City now is proposing to annex  $19\frac{1}{2}$  square miles of an area to the south?

A Yes, that is correct.

Q I am going to ask you this question, apart from the Royal Commission, and anything that they might recommend or not recommend, and what you would be setting up, what they have done in regard to assessment in that area, had you thought of a graded assessment with respect to those  $19\frac{1}{2}$  square miles, just assuming that the Commission is out of the picture, and you are moving ahead independently anyway?

A Well, I mean as far as assessment is concerned, we plan to follow the basic principles of assessment within the city.

Q Yes? But we have considered in our discussions the administration of the area on a special basis?

A Yes, that is right, on a differential mill rate. We have considered that.

Q Apart from anything that this Commission might have done or knew, you might have come up with this graded assessment idea in the area that you proposed to annex?

A That is correct.

Q Now, I am thinking of assessors, who, in fact, are appraisers, and I am wondering whether, well, competent

EXHIBIT 1 - COMMUNITY AND ECONOMIC DEVELOPMENT

Q. Community and Economic Development is a broad term. It is a fact that the City of Chicago is now in the process of annexing a large area of land to the city. This is a fact that is well known to the public. It is a fact that the City of Chicago is now in the process of annexing a large area of land to the city. This is a fact that is well known to the public. It is a fact that the City of Chicago is now in the process of annexing a large area of land to the city. This is a fact that is well known to the public.

A. That is correct. The City of Chicago is now in the process of annexing a large area of land to the city. This is a fact that is well known to the public. It is a fact that the City of Chicago is now in the process of annexing a large area of land to the city. This is a fact that is well known to the public. It is a fact that the City of Chicago is now in the process of annexing a large area of land to the city. This is a fact that is well known to the public.

Q. And you are now in the process of annexing a large area of land to the city. This is a fact that is well known to the public. It is a fact that the City of Chicago is now in the process of annexing a large area of land to the city. This is a fact that is well known to the public. It is a fact that the City of Chicago is now in the process of annexing a large area of land to the city. This is a fact that is well known to the public.

A. Yes, that is correct. The City of Chicago is now in the process of annexing a large area of land to the city. This is a fact that is well known to the public. It is a fact that the City of Chicago is now in the process of annexing a large area of land to the city. This is a fact that is well known to the public. It is a fact that the City of Chicago is now in the process of annexing a large area of land to the city. This is a fact that is well known to the public.



- 2564 -

assessors should be put in with regard to this graded area? Isn't it a fact that presently in the City of Calgary that the assessors take into consideration the very factors that you enunciated with regard to the graded service area?

A Yes, they do to some extent in the land values.

Q And in the residential values?

A Yes.

Q I am thinking more particularly of land in this matter, and I am wondering whether well-trained assessors and appraisers are quite capable of taking Division I, where the problem exists, according to your evidence in the cross-examination by Dr. Mayo, whether well-trained assessors could not fairly and adequately assess Division I without the necessity of a graded area?

A Well, as I saw, that is one phase of it which we would have to investigate somewhat, but the idea of this differential mill rate was that we could compensate maybe easier in that way than in the other, but there is no final decision on any of that. As I say, it is going to require some consideration, and quite serious consideration, when the time comes.

Q It is worth looking at?

A Oh, absolutely. It will be studied quite thoroughly.

Q That is all, thanks.

.....

assessors should be put

and that a separate rate (not a marginal) on

very factor that you encountered with regard to the

graded service areas?

Yes, they do to some extent. The land values.

And the residential vs non-

res.

and the fact that a certain amount of land in some

and I am wondering whether well-trained

appraisers are doing a capital of things that are

the problem exists, according to your evidence in the

the assessment is not as well-trained

assessors could not fairly and adequately assess this

without the necessity of a graded area?

Yes, as I say, in the case of it which we would

have to investigate a new one, but the idea of this

factorial will rate was that we could compensate

factor in that way than in the old

final decision on any of

at

EXAMINATION BY COMMISSIONER DAVIES:

- Q Just to come back to those graded service areas, Mr. Commissioner, I got completely lost in the examination between Dr. Harries and yourself. Now, I understand the position of the City, as far as the taxation of industry is concerned, before the Commission up to date is this, that the thing should be examined provincially?
- A That is correct.
- Q And you haven't any specific recommendation to make at all?
- A No.
- Q And the idea is that in respect to the taxation of industry that some scheme should be evolved which would be common throughout the Province?
- A That is correct.
- Q And you are leaving it there?
- A Yes.
- Q Now, on the other hand, this discussion on industry with Dr. Harries arose through this discussion on graded service areas. Now, as I understand graded service areas, I do not understand that your intention is that that will be a means of reducing the taxation on industry; am I right in that assumption?
- A That is correct.
- Q It was mentioned yesterday as to whether or not the



- 2566 -

Ammonia Plant and the Canadian Industries Limited's explosive plant would be a graded service zone, and would have less taxation as a result, do you remember that? It was mentioned yesterday?

A I wasn't here yesterday.

Q Well, in any event, we are down now to the fact that there is no intention of a graded service zone being set up for Bowness or Forest Lawn or Montgomery, and it was a particular situation arising out of Division I?

A The suburban area is the one that we were particularly referring to. I believe you have a map that was provided by the Town Planner, where he shows the graded service area. Is that in? Hasn't there been a map filed with the Commission, Mr. Bredin?

MR. STRONG: Not with regard to the graded service area. Only with regard to its development.

A Oh, I thought there was a map. I beg your pardon. Well, the graded service area particularly was to apply to the suburban development.

Q COMMISSIONER DAVIES: Now, I want to follow up with you as to what Commissioner Robison said. I had in mind all along that these factors were actually factors that were taken into consideration in assessment. However, taking a practical case, let us take somebody residing in Division I, and they have their own septic tank system and their own sewer and water system. If that area were

Ammonia Plant and the Canadian Industries Limited's

expensive plant would be a needed service area, and would have less taxation as a result, you remember?

That was mentioned yesterday?

I wasn't here yesterday.

Well, in any event, we are down now to the fact that there

is no need for a trade area as some being set up

for the purpose of the law of oncology, and it was

the same thing that I mentioned out of context.

The same thing that I mentioned out of context.

Well, I don't know if you have a map or not, but

the map shows that the area is not a service area.

Well, I don't know if you have a map or not, but

the map shows that the area is not a service area.

Not with regard to the

trade service area. Only with regard to its development.

Oh, I thought there was a map. I beg your pardon. Well,

the graded service area, particularly was to apply



- 2567 -

brought into the City of Calgary, as soon as your assessor went in there, am I correct in presuming that he would, in determining the value of the buildings, include the cost of the sewer and water distribution system, is that right? I presume he would.

A I would imagine so.

Q And then the man would find himself in the position then that he was having the cost of his own private, expensive sewer and water distribution system added on to the cost of his buildings for the City to tax when they weren't giving him the service?

A Well, I think we would have to arrive at some proper basis of assessment there. The thought on the graded service areas is until such time as our services are extended into the area, and are used by the area, that would come about when subdivided, that there would be only a portion of the cost of operating the system, and it is going to require some study on our part, and I must say to you now that we haven't gone into this to any great extent at the moment. We have discussed it in general principles, that is all, and we realize, as much as anybody, that it is going to require quite some study. Mr. Strong and I have sat with the Town Planner and discussed this thing at some length, and we realize that it is a very individual problem, and that we do not profess to have the complete answer to it at this time.



- 2568 -

Q There is one thought that I would like to leave with you. I do not know whether you know it or not, but there is provision at the present time in our School Act, and certain School Districts in Alberta have in past years, have been functioning under a different mill rate, as between the urban area and the rural area in the School Districts, did you know that?

A No.

Q Now, let us take, for instance, the consolidated schools, where you have, say, four school districts in one, and there was a split district, amalgamated with two or three other districts that were largely rural, there was a provision, I think it is still there in the School Act, for a differential rate between the urban area and the rural area. For example, once the assessments were arrived at, you might have a 60 mill rate in the village and you might have only a 40 mill rate in the rural area. My experience with that, as a school trustee for many years, was that it led to a great deal of friction to have a differential in the mill rates within the same area, and my own conclusion always was that it was or would be far more satisfactory to have a common mill rate, and find some means of adjusting the assessments?

A Well, I think that is a point worth considering, because I can see that you could run into difficulty.

Q Well, when the discussion on industry was going on, I was

and

that was a

right way

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for example,

and you might have only a

one with that, as

was that it led to a great deal of friction so have a

- 2569 -

thinking of the Ammonia Plant or places where they have their own sewer and water?

A Yes.

Q Their own police protection, their own fire protection?

A Yes.

Q Now, I cannot see how a graded service zone would help them. If you had a graded service zone in the terms that we have been talking of here, presumably that is a certain area, that is a certain common area, but then you might have within the area perhaps those different classifications; that is, somebody would have their own police and fire protection and sewer and water, and others might not, and so on?

A Yes.

Q But still you would have a common mill rate, Mr. Batchelor. Perhaps I have pointed out another difficulty that has not been thought about here, but it seems to me it is going to be very difficult to do it through that, and I feel that you would have to get down where you would have to make some differential in the assessment, or make some provision where people who have these facilities provided at their own expense should have some special type of assessment; but I think you would still have to get down to their individual cases again, because the variations would be so great in each individual area, and that you could not class them as one common factor. It would seem

1. The first part of the report is a general introduction to the subject.

2. The second part is a detailed description of the methods used.

3. The third part is a discussion of the results obtained.

4. The fourth part is a conclusion.

5. The fifth part is a list of references.

6.

7. The sixth part is a list of references.

8. The seventh part is a conclusion.

9. The eighth part is a list of references.

10. The ninth part is a conclusion.

11. The tenth part is a list of references.



- 2570 -

that there would be great difficulty?

A Yes, we have anticipated difficulty already, and in the discussions we have had we have anticipated that, and, as I say, it is going to take some study on our part to come up with the answer.

Q COMMISSIONER ROBISON: It might be better to instruct the assessment department by means of information such as this, because these factors are exactly the factors that a competent appraiser would take into consideration.

Q COMMISSIONER DAVIES: In fact, we were told in the Assessment Act Manual that even the fact that a plant is built larger than its intended operational capacity is going to be for say, a year or two, that that is a factor that under our present assessment legislation can already be given effect to in fixing the assessment and determining the taxation?

A That is so, is it?

Q We are told that certainly it is so as far as the City limits are concerned?

A But I was wondering within the City, because that question has not arisen, not here, but I have heard it discussed before, that if somebody comes in and builds a plant which they cannot possibly put into full production, that that should enter into their taxation picture, and that is a reasonable assumption in some regard, but I am not sure about the City's position in that regard.

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Q COMMISSIONER ROBISON: They are not using an Assessment Manual?

A No.

COMMISSIONER BLACKSTOCK: On the other hand, if they are using proper assessment principles, they should take those things into consideration.

COMMISSIONER ROBISON: Quite.

COMMISSIONER BLACKSTOCK: Whether in a manual or in their head.

THE CHAIRMAN: Now, Mr. Davies, what is your prognosis as to your continued questioning?

COMMISSIONER DAVIES: I think we had better adjourn;

THE CHAIRMAN: You want some more time?

COMMISSIONER DAVIES: Yes.

THE CHAIRMAN: We will adjourn until 3.10.

(Hearing resumed after short adjournment).

Q COMMISSIONER DAVIES: I wonder if we could come back to the question of industry, Mr. Batchelor. At Edmonton and Calgary there seems to be a considerable expression of sentiment that there should be some means available for certain industry to receive some benefit with regard to taxation, where it was necessary, and we are at the position now in respect to Calgary that their recommendation is that something might be done Provincial-wise, but we don't know that it is. I have just about reached the conclusion myself that it would be very

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THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

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difficult for the Province to set up some uniform basis of taxation for industries, whether in cities or towns or in rural municipalities. I would like you to give some consideration to this: What would you think if provision were made that any industry that was engaged in export could make application to some Board, whatever it might be, or to some authority, to receive special consideration in respect to local taxation and leave it at that?

A Well, of course, I would say, Mr. Commissioner, that that would certainly have a bearing on one of the most important factors in this problem, and that is, that industry to locate in here must be encouraged in some way financially to offset, for instance, freight rates, which are a decided disadvantage.

Q Well, you are agreeing that we are not worrying about industries that are producing for domestic consumption, are you?

A Not to the same degree. I think they would automatically locate anywhere there is an established market service area, but it has been indicated to us by industrialists that they are at a disadvantage coming into this Province, where their markets aren't here, and they feel that some compensation might be made to offset the disadvantages that result from being far away from their markets.

Q And supposing that we let these industries take the taxation,





wherever they happen to be, because no matter how uniform the assessments are, the tax bills are going to be different anyway?

A That is right.

Q Because the mill rate is different?

A Yes.

Q And if we take the position that some provision should be made for an industry that was engaged substantially in export, where the export market was a considerable factor, and costs were a factor, that they could make application to have a certain percentage of the total tax rebated, or something like that. What would you think about that?

A I think that would have considerable merit as an approach to the problem.

MR. HARRIES:

I am just wondering, Mr.

Chairman - excuse me - if we could have the term "export" defined, so that there will be no misunderstanding with regard to the discussion that is going on the record?

A I suppose, Mr. Harries, that you mean export to Saskatchewan or B.C., as opposed to export to the United States?

MR. HARRIES:

Yes, the problem seems to be

a question of being twofold, one export out of the Province, and the other out of the country.

COMMISSIONER DAVIES:

Looking at it from a Pro-

vincial point of view. What I have in mind is out of the Province.

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2. The second part is a detailed account of the work done during the year.

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MR. HARRIES:

Thank you, sir.

Q COMMISSIONER DAVIES: Now, turning for a moment to the question of municipal assistance with regard to which Dr. Mayo dealt with this morning. I presume you are aware, Mr. Batchelor, that in Ontario, under The Municipal Assistance Act there, that the grants are on a straight per capita basis, whether to a rural area, which they call townships in the Act, or to cities, towns or villages, and that the grants are graded according to what the population of the areas concerned is. Were you aware of that?

A No, I wasn't aware of that.

Q Well, that is the 1953 Municipal Assistance Act of Ontario, and that is the basis upon which it is now on, and it is divided into two parts, whether it be a rural area or an urban area. Under Part I they receive a certain similar grant, then under Part II they receive graded grants on a straight per capita basis, based on population, within certain limits, and as the population increases the increased cost of Government is recognized and the grant is larger. What do you think of that?

A In other words, Commissioner, it is weighted to the extent of the accelerated population increase?

Q That is right.

A Well, that is something along the idea that we had in our submission that it should be graded according to the

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population increase.

Q You knew that insofar as our own Act is concerned, in respect to the distribution of one-half of it, or not one-half of it, but the proportion that goes to the rural areas, I presume you knew that that is distributed out through the rural municipality in two different ways, didn't you?

A I wasn't aware of that, no.

Q Well, it is. One-third of it is distributed on an equalization basis, which takes into consideration assessment, population, a number of other factors set out in the Act, and the other two-thirds of the portion going to the rural areas is distributed among the rural areas according to their total assessment. You didn't know that?

A No. I knew there was a differential in the method of distribution as between the rural and the urban areas, but I wasn't aware of the details of it.

Q But in respect to the urban portion of the fund, it is meted out to the cities, towns and villages entirely on a per capita basis. I take it you do not think that distribution is fair, do you?

A No. As I said this morning, that our thought is, that if they wish to establish a per capita distribution basis, then they should introduce another factor into it, so that these other considerations can be taken into account.

Q Now, I am going back to something in the brief, the question

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of business tax.

A Yes, sir.

Q Looking over your statements in Exhibit No. 26C, filed on December 7th, your estimated revenue for 1954 through the mill rate was about a little over \$9,000,000.00?

A A little over \$9,000,000.00, yes.

Q And then I observe under business tax your estimate is \$860,000.00?

A Yes.

Q So that, roughly speaking the business tax brings in roughly 1/10. . .

A 1/10.

Q . . . of what the mill rate does on real property?

A Yes.

Q And that is equivalent to about 4 mills, isn't it?

A Yes, a little better than 4 mills.

Q A little better than 4 mills?

A Yes.

Q Now, I haven't got before me a copy of your business tax bylaw, but I wonder if you would tell us just exactly how the business tax works out, dealing first with, take a store like Eaton's, where the proprietor occupies all of his building and the business tax, as well as the real property tax, is levied against the owner and the occupier, and the other where you have a rented building?

A The business tax is based on 8% of the rental value.



Q Based on 8% of the rental value. And the rental value is computed how?

A Well, you have got me there.

COMMISSIONER ROBISON: Well, it is computed, if you do not mind me interrupting, it is computed on the actual rent paid.

COMMISSIONER DAVIES: Let us take a store like Eaton's first.

COMMISSIONER ROBISON: Then the Assessment Department establishes a rate for a place like Eaton's, and it is on an arbitrary basis.

COMMISSIONER BLACKSTOCK: With the right of appeal.

COMMISSIONER ROBISON: Always with the right of appeal. Where the owner occupies it, and there is a rental set-up, they estimate what the rental will be if there is no rental.

Q COMMISSIONER DAVIES: And it is 8% of that?

A Yes.

Q And in the case of a building, like, take the Lancaster Building, where there are offices in the building, and the rent is established, it is 8%?

A Yes.

Q Now, there was some suggestion here earlier today about the differential between Calgary and Edmonton on improvements where Edmonton levies on dwelling improvements to the extent of 50% where Calgary levies 60% on both the



dwellings and the commercial property?

A Yes.

Q But I understand that Edmonton's business tax is considerably more than here, do you know anything about that?

A No, I am not quite sure how they levy their business tax.

Q But, in any event, it would be quite possible that one city might be getting a lot more, it might have a business tax that is considerably higher than the other, and then that might, in total revenue, offset the differential that was allowed the homeowner on his house?

A It could be.

Q Now, I want to come back to, if I can, for a moment, to the utilities' question, and I have got the 1943, no, the 1953 financial statement, which was marked Exhibit 31-C on December 17th, 1954?

A Yes, sir.

Q And if we come to the Waterworks Department?

A Yes, sir.

Q Now, on page 109, that is a statement of Revenue and Expenditures?

A Yes.

Q And under Earnings there is the rated water consumers \$920,000.00, and metered water consumers \$476,000.00?

A Yes.

Q And some odd figures?





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A Yes.

Q Now, what are the lrated water consumers?

A Well, those are the consumers for which there is a special rate established for dwellings of certain sizes. The rate structure is worked out on the size of the house, and the number of outlets in it, whereas the metered water users are on the meter. The metered water users are on the meter.

Q And the others no meter?

A No water meter.

Q Yes?

A And I would suggest, Mr. Commissioner, that possibly if you got Commissioner Strong on the stand, that you might not refer to that, because that is quite a subject as far as Commissioner Strong is concerned, and he might give you quite a dissertation on water meters.

Q Well, what I am getting at is this, I am questioning the soundness of a large urban centre like this not having it all metered?

A That is why I am making the snide remarks with regard to Commissioner Strong, because he has established before the Council what the City of Calgary is faced with in capital costs with regard to the expansion of the water-works' system, and due to a very great extent by this servicing of so many houses on a flat rate rather than a metered rate, and his figures, which he can produce,



will show the amount of water used here, and he feels, and quite rightly, that it would be to our interest to meter all consumers, and ultimately it would be to the benefit of the consumers themselves. But it is quite a point; we are quite satisfied that the metering service is the most satisfactory way of assessing the cost.

Q You will appreciate, I am sure, that this Commission has to make recommendations to the Government with regard to whether the City of Calgary should receive more money, that if they also feel that it has to satisfy the Government that Calgary was carrying on services with proper business practice and economy?

A Yes.

Q And if there was a big leakage arising out of the water revenue, arising out of the water leakage in Calgary, that that would not be a sound operation?

A The lack of meter servicing will have to bring us to the position where the expansion of the plant is justified rather than the capital cost of installing meters, and we feel that we can establish, we feel the basic problem is that all services should be metered, but, as I say, we have not been very successful, and Commissioner Strong had not been able to get this argument over, as we have received quite a bit of opposition from various sources, but our figures will justify the position that we take.



Q I suppose you know that there is ample evidence in municipalities where they went from unmetered water to metered water, and the consumption of the water dropped in millions of gallons?

A Yes.

Q But you have not been able to convince Council?

A We haven't been able to convince Council or the public opinion.

Q COMMISSIONER ROBISON: How much was it going to cost them to instal water meters in the City of Calgary?

A Excuse me. Do you have that figure, Commissioner Strong?

MR. STRONG: About three-quarters of a million dollars.

Q COMMISSIONER DAVIES: I think you could get the Electric Light Department to pay for it, which brings me to the Electric Light Department on page 76. I have sort of come back to this, but I like that theory of public utility that you expounded a while ago. And where these figures arose with regard to this operation, they are on page 76, you will see that taxes and rentals, for the City of Calgary, and the 5% of the total revenue, with the amount there, the land and poles, tax on the land and poles, with the figure there, and further down there was \$100,000.00 charged to purchase of equipment, and then there is the figure of \$860,000.00, that made \$960,000.00. And then at the end of the statement there





is the contribution to the City of Calgary, and the surplus for the year 1953, \$537,000.00. Now, those figures there all total, take into account the 5% tax, and the small item on land and poles, and the capital expenses that was paid out of revenue, and all these other figures, including the \$537,000.00, they came to, according to my figures, \$1,822,000.00.

A That was the figure that was referred to earlier.

Q And that \$1,000,000.00 odd capitalized at  $2\frac{1}{2}\%$  for 20 years, the annual charge for 20 years is \$64,000.00. So that if you take off the \$64,000.00, take into account, roughly speaking, take the amount for 1953, it would leave you the figure of \$1,700,000.00 odd, and that is where that came from. Are you familiar with what the set-up is in Ontario on hydro?

A No, sir.

Q Well, under the Ontario Electrical Power Commission they are compelled under statute to sell at cost, and then they have their own distribution system. For example, the City of Hamilton, they have to sell power to the City at cost there, for the purpose of electric lighting and other facilities, and it also has to sell power at cost to the consumers in the Hamilton area, and any large capital expenditures have to be amortized. And there is an appeal to the Utilities Commission by the people within the municipality on the question of rates. It does not



mean that there cannot be a reasonable profit or that a reasonable amount cannot be carried to surplus account, but it does mean that an operation such as this would not ever be permitted in Ontario.

A Well, I say again, Mr. Commissioner, that the end result is what counts. And, according to the figures which we have, the rate which we charge our consumers will stand up against the rates of any other comparable utility.

Q THE CHAIRMAN: Including Hamilton?

A Well, I don't know. I mean, on the general average our rates are not very far out of line. Now, I would say this, if they were very far out of line our consumers would be the first to let us know about it. The point is this, it is all very well for us to theorize how public ownership should operate, but when you come down to the administration and the running of a city such as Calgary, you are forced into the position whereby you raise your money with the least possible disturbance of your citizens. And the mill rate disturb them somewhat. And we hear quite a bit about it. And, apparently, the utility rates do not disturb them, so that, therefore, I would say that we are quite justified in distributing a portion of our costs through this utility. But I am saying to you, further, that that situation is not going to continue, that due to the expansion that is necessary we feel that the profits that we are able to take from this

regard, that there cannot be a reasonable profit on that.

It is not that an operation such as this would

ever be admitted in Ontario.

Mr. J. H. Smith, Mr. J. H. Smith, Mr. J. H. Smith

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would be the first to let it know about it. The point

is it is all very well for a so the more how

public ownership should operate, for when you have

to the administration and the running of a city such as

Calgary, you are forced into the position whereby

raise your money with it

utility will be reduced in the next few years. As I have already said, also said, that both of the other utilities are on their own feet now, and we aren't taking anything from them now.

Q COMMISSIONER DAVIES: I differ from you there, Mr. Batchelor, because I do not think the people know anything about it.

A Well, they know what they are paying. I have never found the people of Calgary very uninformed when it comes to what they have to pay to the City.

Q There is one phase of this in which I am very interested, and that is that this profit amounts to about 9 mills?

A Yes.

Q And if at some time in the future some system is devised of giving our cities help according to need, and if the cities get around more to the idea of using large transfers from excess utility rates, to reduce the real property taxes, if they get married to the idea of using large transfers from excess utility rates to reduce the real property taxes, that they might find themselves permanently married to that position, as the result of which it will be the utility owners that will be contributing to keep the real property taxes down in the city, instead of the profits; have you given any thought to that?

A Well, of course, the reflection in the mill rate - you are speaking now of the figure of \$1,800,000.00?

utility will be raised in the 1-2 years. I have  
a right, and so said, that each of the other  
are of their own free will, and we don't care to  
from now on.

COMMISSIONER: I don't know you better.  
I don't know the name of the  
I don't know the name of the

Well, they know what they are saying. I have now a lot  
the people of Calgary very uninformed when it comes to  
what has been done.

There is one case of this kind, I am very interested  
of that is that this people among the about 12 million

Yes.  
It is some time in the future and we are to have  
of giving our cities help according to need, and it is  
cities get around more to the idea of not  
from excess utility rates, to reduce the total property



Q I agree with you that it is not reflected in the mill rate?

A No, it is not.

Q In total, that is?

A Following your line of thought, not in total.

Q Yes. All right, let us take what it is, that is \$231,000.00, I think?

A Yes.

Q And the \$90,000.00?

A Yes.

Q And the \$537,000.00?

A Well, I wouldn't include the taxation. I would say to you that that is a fair charge to the utilities. I don't think that it should be allowed to operate in a city without paying a reasonable tax to the city, so that we come back to the point where you are going to eliminate about \$627,000.00, which is quite a substantial figure, and I will also say to you that in the next few years that figure quite possibly will be reduced, so that it does not assume the proportions that you think.

Q Well, if you add the \$960,000.00 in capital expenses, capitalize that?

A It still would be carried by the utility.

Q It would show that much more profit, it would be roughly \$900,000.00?

A But still in the operation of the utility we should be



allowed a certain leeway as to the method of financing.

Q You see, one thing that this commission is faced with is that some people think the cities are not taxing the people in the cities enough, that your tax rate is not high enough.

A Well, I have never heard that in this city.

Q And your figures show that you are trying to hold the line at 48 mills?

A That is right, and if we disturb this picture then, as you suggest, too much, then the situation would become that much worse.

Q Only that it would leave the true position, wouldn't it?

A Well, I wouldn't say that. I think this is a fairly sound position so far. I say this to you: Let us go back through the depression when this city, common with other cities, suffered to a very large degree by reason of the fact they could not derive the revenue that they required, and we had a period there where this city practically fell apart at the seams. Now, then, by getting our utility on a reasonable basis, and one that we were able to do that with this utility in particular, it did not suffer the same as the rest of the city, and we could have, conceivably, if we followed Commissioner Davies' thoughts to a conclusion, we could have been faced with a similar situation with the utility, that it would be requiring tremendous capital outlays to bring



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it up to standard. So that, in the light of experience, I say the position we have taken with the utility has shown that it was a sound position.

Q I don't blame you for taking that position, Commissioner Batchelor, but I cannot say that I agree with it, so that I think we will let it go. Thank you, Commissioner Batchelor.

.....

EXAMINATION BY COMMISSIONER BLACKSTOCK:

Q I would like to follow up the utilities for a moment. Look at page 72, Commissioner Batchelor?

A Yes, sir.

Q And the balance sheet of the Electric Light Department?

A Yes, sir.

Q I would assume from that that at one time you started off with a debenture debt, and the debenture debt has been amortized and has been paid off until there is only \$34,000.00 left?

A And that has by this time disappeared too.

Q And then out of revenue funds you required \$6,000,000.00 odd?

A Yes.

Q Now, of course, to get the true picture we would need to get the original amount of the debenture issue, and find out if it was all expended on electric light equipment. But we will leave all that out. This \$6,559,000.00





represented capital investment made by the City from funds obtained from consumers through the rates that they pay?

A That is correct.

Q And the next item shows that that has all been repaid back to the City, again out of the rates that the consumers pay?

A Beg pardon?

Q Deducting the provision already made out of revenue funds and reserve fund, \$6,559,752.00?

A This is completely written off.

Q Written off?

A It has been provided out of revenue.

Q And you wrote it off with real money, of course?

A It was provided out of revenue of the utility.

Q So that the consumers provided the capital originally, and then the consumers provided the funds to repay that capital?

A That is right.

Q And to put it in another way, your unamortized assets at the moment are \$34,133.00?

A Yes, that is right. That was amortized through the rate, the original debenture debt. In addition to that, the consumers provided assets of \$6,500,000.00.

Q Now, you have made the statement with regard to the revenue and expenditures, there is an item also of \$231,744.88,



which was paid by way of franchise taxes, and I will omit the ninety figure that you paid to the City, but, obviously, your profit, giving you the very best figure possible, is \$960,000.00 odd, plus \$537,000.00, a total of roughly \$1,498,000.00. Now, what percentage does that represent on a capital investment consisting of \$34,000.00?

A I am sorry,, I haven't calculated that percentage.

Q Well, let us forget about the \$6,000,000.00 odd with regard to this, and would you agree with me that that profit represents about 30%? Forgetting about the amortization of your \$6,000,000.00 odd that you recovered through the rates?

A Well, let us say, Mr. Commissioner, the rate structure is satisfactory, so that I say . . .

Q Yes, yes. But I am asking you what the percentage is, and I am suggesting to you that it is about 30%?

A Well, it sounds like quite a percentage.

Q Pardon?

A It sounds like quite a rate of return.

Q I am going to take that as an admission that my figure is correct. Now, I want to ask you why you do not tax your electric light utility on the same basis that you tax the Gas Company, 48 mills on their pipe and equipment?

A As I said before, in order for us to do that, we would

which was paid by way of insurance bonus, and I will

omit the ninety figure that you paid to the City, but

eventually, your profit, giving you the very

possible, is \$960,000.00 plus \$537,000.00

of which is 18,000.00, a percentage loss

that represent a capital investment consisting of

\$1,000,000

I am sorry I haven't as much as I would like

well, let me get down to \$6,000,000.00 odd

percent to this, and would you agree with me that

profit represents about 30% forgetting the

amortization of \$5,000,000.00 and has you recovered

well, as any other, one, it's a case

yes, but I am suggesting to you that it is about 30%

and I am suggesting to you that it is about 30%

well, it sounds like quite a percent

Farbans?

have to make an evaluation of the capital plant of the utility.

Q Well, you can take it from your books less depreciation?

A Well, I think that is rather difficult in view of the fact . . .

Q I don't mean that you would take your depreciation from the books, but you could take your original cost and apply that, apply to that a reasonable share of depreciation having regard to the service life of the asset used?

A But many of the assets, Mr. Commissioner, have been completely rebuilt.

Q Quite true.

A They have been completely rebuilt out of the contributions of capital, so that we are faced with the situation where the capital value of the plant of this utility would be a quite substantial figure at the present-day costs.

Q All right. Why didn't you do it?

A I mean, there is no reason why we shouldn't do it, and there was no particular reason why we should do it.

Q We will try to find out one reason why you should, Mr. Batchelor?

A Well, up to the present . . .

Q You wouldn't have as much profit left, and instead of charging the people of Calgary \$960,000.00 odd out of revenue, you could borrow that money on a long-term debenture and reduce your operating costs by that means,

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isn't that correct? I take it that your silence is an admission. Mr. Batchelor, I only want to get the position clear. I realize what you are doing. You are using these profits which you get from householders and tenants?

A Yes.

Q To reduce the incidence of ordinary taxation to the rate-payer?

A That is correct.

Q I realize that is what you are doing, but I did want to see if my analysis of your position was sound. I think it is.

A Well, it is, sir.

Q That is all, Mr. Chairman.

THE CHAIRMAN: Thank you, Mr. Blackstock.

Now, Mr. Hayes if you have any questions, and then we will let Mr. Robison finish up.

.....

EXAMINATION BY COMMISSIONER HAYES:

Q Well, I have a couple of questions here. Boiled down a little bit, do I take it that the stand of the City is that they would like to carry on the services that they are now giving with no increase in taxes, but the cost over and above what you do receive by taxes would be paid by someone else, in other words, by the Province? In other words, it was boiled down to that?

A It boils down almost to that.

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...I take it that your  
...Mr. Robinson, I only want to get the record  
...I realize what you are doing. You are right.

A  
Q To reduce the incidence of ordinary taxes on the enter-

A  
Q I realize that is what you are doing, but I did want to  
see if my analysis of your position was sound. I think

A  
Q Well, it is, sir.  
That is all, Chairman.  
The CHAIRMAN: Thank you, Mr. Robinson.

Now, Mr. Hayes if you have any questions, and then we will  
let Robinson finish up.

.....

Q I take it that you would expect this Commission to be instrumental in bringing that about?

A Well, I think the Commission will be instrumental, I hope, in bringing about the greater recognition, at least, of the position that the Province should take in some of these things, particularly education.

Q Then I was interested in the assessment that you are now, with regard to this new assessment that you are in the process of making, the 60%. What was it prior? What was the old assessment, what basis? Was that on 60% too?

A Well, we were on 50% originally.

Q 50%?

A Yes. But the assessment, Mr. Commissioner, that we are carrying out, that we have just about completed now, is a complete evaluation and a complete reassessment equal to the evaluation of the whole system based on 1945 costs. You see, we haven't made a reassessment of the City of Calgary, as such, since 1936, and it was felt that it was essential that we should do that. And this reassessment has been just about completed now. The land was done in 1953, it was put on to the rolls, and the new buildings were completed now, so that we will have a complete reassessment in the city of Calgary.

Q What I am interested most of all in is, under the new City Act I understood that all the cities were to be on

I hope is that you would expect this commission to be

instrumental in bringing it to pass.

Well, I think it is likely that it will be instrumental.

hope that the greater recognition, the

less, of the position that the Province should take

one of these things, and I think it is

That was interested in the assessment that we are

now with a view to this new assessment and the way

the process of taking the cut that was a

what was the old assessment what was the new

50,000?

Well, we were on 50,000 in 1947.

50,000

we are

the value of the land was about 10,000 in 1947.

is a complete evaluation and a complete re-assessment

equal to the evaluation of the whole system based on

1947 costs. You see, we haven't made a re-assessment of

the City of Cal. yet, as such, since 1936, and it was

it was essential that we do that.

a comparable basis, 60% of their improvements?

A That was originally how the City Act was written.

Q And then Edmonton, apparently, was able to get an amendment and to revert back to 50%, which I understood was in effect prior to the new City Act coming into force?

A That is correct.

Q Well, from the standpoint of uniformity, do you think it would be within our jurisdiction to say that both cities should be on exactly the same assessment basis?

A Well, that was the original intent of the City Act, was to get all the cities on the same basis.

Q Well, we are away from it now, they are on a 50 and you are on a 60?

A You see, when the Provincial Government has to make statistical studies of information, assessment is one study that always has a great bearing on the things they pay, and it was to the advantage of the Province and the whole Provincial area, to have it on a comparable basis; but, I say again what I said this morning, that even if you are on the same percentage, you must be sure that the assessment is done on the same basis. For instance, I mean, you go into one city, and they have done a reassessment, but what year's values do they use? I mean, they use a different year to 1945. Well, you must compensate for that. The ideal situation would be to have standard assessment practices in the urban





areas anyway throughout the Province. In other words, have a school set up whereby all assessors are trained through this school, and through that if they are going to, say that the City of Calgary is the last one, and it will be the most up-to-date assessment in the Province of Alberta, so that, therefore, if they wanted to establish a standard, they could probably say "We will use the experience of the City of Calgary and copy their manual, and that will become the standard for the time being until we develop something of our own," and then have the assessments made on the basis of the 1945 value. Otherwise it doesn't matter whether you use 50%, 60% or 70%. If you are basically on the same ground anyway, or, I mean, if you are not basically on the same ground in your assessment, you have to compensate for all of those factors when you are making those comparisons.

Q In other words, you advocate that the cities be on exactly the same basis as the rural municipalities, where there is a uniform assessment throughout the Province?

A I think so, yes.

Q Now, you mentioned about the municipal assistance, and all I am interested in there is the principle. There is so much money set aside in this Province for municipal assistance, and it is divided on the basis of the population of this Province, which is 54% urban and 46% rural?

A Yes.

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Q Now, from the Government's standpoint, they are not too greatly concerned as to how the urban people divide their money, or how the rural people divide their money, but they worked out a basis which they thought was fair for everyone. Now, the urban people desire to distribute their share on a per capita basis. Well, now, do I understand that you think that the rural people are wrong in staying with the old basis of distribution, the basis that all the municipalities, all the cities and towns, that they were wrong to start with? Do you think that they are wrong in continuing that, and that all of that money should be divided on a per capita basis?

A Well, I would say this, Mr. Commissioner, that if the experience of the urban municipalities is such that they are satisfied with the results they obtain from that distribution are equitable, then there would be no point in them abandoning it. But all we are suggesting is, we are referring to the distribution to the city, and saying that some other factors should be considered in this grant structure, and that is the basis of it, and that it is brought about by conditions over which we have no control, and that is where we come to the expansion of the Province, which has affected 40% of the population in two cities to a very great extent. And that is, the impact of the Provincial economy, expanded economy, has come to a very great extent on the two cities, major cities, and we are



suggesting some other factors should be considered in the distribution of grants-in-aid. You may weight it on one end with the percentage of population increase, and over and above that it is something that would have to be explored. I mean, over and above the population increase in, let us say, the Province, and then we come to that very nebulous statement of ours, demonstrated fiscal need.

Q Yes?

A And what I am trying to say is that the cities have been faced with a specific problem, and we do not feel that a per capita grant, as such, is the answer entirely, is the entire answer to the problem. Now, I cannot speak for the urban municipalities, because I am not familiar with their problems. I mean rural municipalities, I beg your pardon.

Q Now, assuming that the Province, out of its generosity, or pressure that might be brought to bear on them, let us assume that they established an equalization fund for urban people. Have you any suggestion how that might be accomplished, in other words, what formula?

A Well, Commissioner Hayes, we haven't arrived at any formula, all we are stating is what we consider is the principle which should be followed through. I mean, to establish a formula for a thing like this is a rather difficult thing to do, and we haven't carried our thinking to that

some other factors could be considered

the first of these of course would be the weather

on one of the days when the temperature was

in the 80's and the wind was blowing from the south

over the area and the sun was shining

and the wind was blowing from the south

and the wind was blowing from the south

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distance. But, as I say, we do think that it should be your basic per capita grant and then some other formula, varying this grant on the basis we have suggested, but how that should be done insofar as a formula is concerned, we haven't gone into it.

Q Will you advocate then some policy similar to a means test? In other words, the urban people would go through some type of a means test to establish whether they were in need?

A Well, I think that on the basis of the figures which we presented to this Commission that we have established the need. I mean, if somebody were to question the results of those figures, then we could quite easily establish the soundness of the figures. If they say that "The resulting picture you show is not correct" well, we can quite easily establish the fact that those are sound figures we have given.

Q But you will understand from the Province's viewpoint, that they would have to distinguish, not only between Edmonton and Calgary, but it would be between the people of this Province?

A That is correct.

Q You have submitted some figures, and the other people in the Province have not, so that it would be necessary to work out some kind of a formula?

A That is right,



Q Now, I was hoping that somehow or other when we were turning the corner here at lunch time, as I suggested to our Chairman then, I would love to know what happened to those three houses, in other words, what happened to their assessment, how much of an increase they had in cost of utilities, taxes and so on. Is there any way that we are going to get anything in this Inquiry here as to just what happened to some of these home owners, under the examples, I don't care where they are?

A Well, do you mean to say that you would like us to give you a summary of the taxation picture?

Q No, I would just like to step out - for instance, as we went around the block here, I said, "Here are three homes right along that corner", and I would be quite satisfied to take them anywhere other than the actual new homes. For instance, these are old homes, which were established there for a long time. I would like to know what happens to those people. In other words, would the increase in the cost of their utilities and the increased taxes in general, are they in general somewhere, we will say, over the period of years, what would the increase in the cost for their utilities and the increased taxes have been over the period of years that we are talking about here, seven or eight years?

A Mr. Commissioner, I don't think I could give you anything that would be of any great value to you. I mean, if you



are going to arrive at a study of that sort, you would have to poll the city and get a complete cross-section of the city.

Q You don't think you could satisfy me by picking out the odd home?

A I don't think that will establish anything. You are taking something in an older area, developed over a number of years.

Q That is right.

A And then you go into this other area, where the development is taking place, and you will find an entirely different story.

Q And is that the story that is placed before us?

A I am giving you the picture as a whole. And, also, coming back again to the position of our elected representatives, which we must assume as the voice of the people, and the voice of the people has said that taxation has reached the point where it must not go any further dollar-wise. That is the voice of the people. And the Council speaks that way, and it is the voice of the people.

Q Of course, that is very true, everywhere you go it is the same thing, taxes are at the limit, taxes can't go any higher, property cannot bear any higher taxes. That is not peculiar to Calgary or Edmonton, that is something in effect all over?

A Of course, it has been in effect for many, many years. I

know you would be a study of a lifetime, you would  
have to be a study of a lifetime, you would  
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mean if you, if you and I had access to all the literature that has been written on real property as a tax base, you would have quite a study in front of you.

Q Yes?

A I mean, it has occupied the thoughts of people ever since it was instituted, and it has changed its complexion. Originally it was based, I was reading about that recently, where it was based on certain very minor services that were required, and it was based on the number of bushels of corn, or something that the fellow had in his silo, whatever it was. That was his ability to pay. And it has changed its complexion, and we are suggesting in all of this material before you, we are suggesting to you that the real property tax base is sound. It is a fair form of taxation at the municipal level. Nobody has come up with a fairer form, to my knowledge, yet. But we do suggest that it is being asked to carry a load for which it was never designed, and which it cannot compensate for. And we suggest that the cities can operate quite satisfactorily if they do not have to bear in this tax base the cost of those services which our modern life has imposed upon it, that we come back to the basic services, such as schools, hospitalization and matters of that nature. But, for the ordinary services of the city, we feel that we can get along quite considerably on that if we were relieved to the proper extent of a lot of these other things, and the



suggestion that we have made to you is the solution as we see it. It is a solution which temporarily we think will alleviate the situation to some extent, and we would hope in the years to come that probably we will have a different base, and gradually get back to the point where real property would bear those costs which it should bear.

Q Now, going back to the utilities. Apparently your electric light utility is in very good shape. What about the water and the sewage, why have you got a problem there?

A Well, of course, the Waterworks Department has been faced with a terrific capital expenditure.

Q Yes?

A And, as we mentioned earlier, that will go even further if we do not meter our service. We will be faced with further capital expansion. Consequently, the capital charges against this utility are such that it is able to finance itself, and that is all. The result eventually may be a further increase in the rates, if it continues on this basis. In other words, the utilities are on a self-supporting basis. At least, we intend to keep them that way. But it is the terrific capital expansion required in the Waterworks Department which has put it in this position.

Q Your rates for water and for sewage, we will say, are comparable to other cities?

A I believe so. I think they are. I think the water rates

for the  
the

are somewhat low, is that not so, Mr Strong?

MR. STRONG: Yes.

Q COMMISSIONER HAYES: Would that not be an indication of why they are a little bit down?

A No. I would say that the utility can carry itself satisfactorily. It has not been behind its carrying charges to this point, but if we are faced with any more great capital expansion, we will have to take a little look at the rates. The same thing applies, of course, to the Transit System. If it is going to operate on its own basis, then periodically you must review the rates. I mean, that has been the experience of most transit systems across the country.

Q I am a little curious about the city's firm stand against any increase in taxes, and, at the same time, asking for annexation of lands that, obviously, will benefit the city. Now, I am not talking about Forest Lawn, Bowness and Montgomery, but, obviously, these other territories will benefit the city. And I am concerned about the city's attitude that they will not stand for any increases in taxes even though there is a benefit to them from that annexation?

A Well, do you mean the city won't stand increase in in taxes?

Q Well, that is what I am led to believe?

A Do you mean the impact on our present tax base will not

Is that all, Mr. Bennett?

Yes.

Would that not be an indi-

vidual?

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be great?

Q Yes?

A That is right, but the idea of annexation is to control this area for the development of the City of Calgary.

Q Isn't that worth something to them? Do they want all that for nothing?

A Of course, there will be areas other than the area that you have mentioned which certainly wouldn't cost us anything. The development will proceed in an ordinary manner, and they will fit into the picture. The area that creates a problem for us today will be those areas which are populated at the present time. The other areas, there is not sufficient, sir. The idea of annexation at the present time is for the orderly development of the city. In other words, we are trying to do a little looking ahead, which is something that all of us feel must be done in view of the rapid change in this picture.

Q I am interested in just one more thing, and that is the so-called labour pool. In other words, the presumption seems to be that within the city there is a labour pool available. Can we say that the labour pool is not here, that it was necessary to bring in all this increased population? I mean, can we say that if the labour pool was not here that it would be necessary to bring in all of this increased population?

A Well, the thing is that in the location of industry within

...the idea of expansion is to ...  
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Of course, ...  
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I am interested in ...

...called labor ...

the city, as you know, the trend in population is to go to the urban areas. In other words, people prefer to live in or around the city where they have, they think, the greater amenities of life, so that, consequently, with the population, with the growth of population we develop a pool.

Q Well, I take it that the industry itself is a magnet whereby people to get a job?

A That is right.

Q My point is, if the labour pool was not here prior to the demand for labour, in other words, the labour came here because they had an opportunity of getting a job? In other words, there wasn't a labour pool existing in the city prior to the industry coming and prior to the oil development?

A Of course, with the normal expansion of your population and the normal population increase, you are providing a labour pool. In other words, there are so many more people becoming employable every year, and they must be absorbed in this, that or the other.

Q That is right. Some of my neighbours moved to the city, so that it wasn't the labour pool created by the city, but that is a labour pool created in the Province?

A That still crowds towards the city.

Q Because of the jobs that are created there?

A Yes, lots of people came here that didn't have a job. They wanted to live in the city and take their chances,

and 1957, as you know, the second in population in the  
the world. The labor market, people prefer to  
live in a country where they can find a job.  
The labor market is not so good, consequently, with  
the growth of population we have

all, I think it is not a bad thing to have a  
labor market. The labor market is not a bad thing  
to have. The labor market is not a bad thing to have.

There is a labor market in the country. The labor  
market is not a bad thing to have. The labor market  
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that is all.

Q Well, I think there is some merit in that too. Now, from the standpoint that the Province's revenue, the general revenue of the Province is such, like somebody suggested here, that if they divided it among the people here, we would all have plenty, and it just doesn't happen that way. However sympathetic we are to the extenuating circumstances, we might say, that the cities are faced at the moment from the rapid increase in the development, do you feel that this is, the assistance that you require is a temporary assistance or a continuing one?

A I would say that the assistance which we are asking, if we continue under the present basis - I mean, there are so many factors in this thing that you cannot go too far in your thinking. But I come back to my original statement, and that is, if gradually the central governments accept a greater degree of responsibility for some of these things, and that is put on a proper basis, then ultimately we could come to the position, as this has explained, to where it rightfully belongs, we come to the position we had whereby we can carry on in our own field, but it is a gradual integration of the central governments into this very, very complex municipal life that has developed and is developing continually.

Q I think you will agree, Mr. Batchelor, that even the time could come, if that came continuously, we will say, into





Calgary and Edmonton, that there would come a day, assuming that they need it now, there would come a day when they had an over-abundance, if it went on indefinitely?

A Well, there will come a day, probably in the expansion of this city, although we cannot foresee it at the moment, where it might become static, and when it becomes static and built up to the ultimate on all sides, then, of course, the problem ceases, but I cannot . . .

Q Yes?

A . . . visualize in my lifetime that problem where the city may become static. And that is the reason for the position with regard to some of these fantastic figures. But I do honestly feel that we are pretty - well, take the idea of setting up this Commission, which I think is a sound one, and it shows that our central government at the Provincial level, is beginning to see the tremendous importance of this problem. Indirectly, the Federal Government will become somewhat interested. That is something that time is going to solve to some extent, and there is going to be a re-allocation of financial responsibility. I think the cities have developed to such an extent that nobody could foresee the situation, such as is in existence here today, and I think some of our basic thinking on the old principles that were laid down has got to be changed, and all we have to do is - I hope you don't think I am labouring the point too much, but there is something that

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we know from our figures, and it is going to increase and increase and increase. And we want to establish some sort of basis whereby that increase is not going to have an impact on a very restricted taxation field, and should be spread out over the whole. And if it happened that this Province at the Provincial level did not have revenues to offset this, it still does not change, so far as I am concerned, my basic thinking that the load would be distributed better at the Provincial level, over the whole of the Province, rather than trying to do it in one particular spot.

Q This should be reviewed from time to time?

A Ch, I think so. The suggestions which we have placed in this brief here are not the ultimate solution by any manner of means. As I said to you, and perhaps this is a little bit of overlapping, I would be pleased at seeing the greater percentage of the education costs borne by the central government.

Q COMMISSIONER ROBISON: What you are suggesting is, Mr. Batchelor, that municipal problems do not apply to the cities of Edmonton and Calgary alone?

A No.

Q They exist in other areas?

A Yes. They may develop in other areas. It is a fringe thing right now. Within this Province you have practically two major cities that are in the process of development. We



certainly will end up with more than that, we hope, and that will create problems in other areas.

THE CHAIRMAN: Are you finished, Mr. Hayes?

COMMISSIONER HAYES: Yes.

THE CHAIRMAN: There will be no more questioning of this witness tonight.

Q I am afraid I shall have to ask you to return tomorrow morning, Mr. Batchelor.

THE SECRETARY: Mr. Chairman, before you adjourn there have been a number of exhibits handed in during the course of the afternoon, and I think they should be recorded.

THE CHAIRMAN: Yes.

THE SECRETARY: Exhibit 77-C is the Interim Development Order, dated the 10th of October, 1951.

INTERIM DEVELOPMENT ORDER  
MARKED EXHIBIT 77C.

THE SECRETARY: Exhibit 78C will be the Interim Development Amending Order dated the 25th of June, 1952.

DOCUMENT IN QUESTION  
MARKED EXHIBIT 78C.

THE SECRETARY: And those were handed to me by Mr. Bredin. The following were handed to me by the Gas Company. Exhibit 79C is the map showing Gas Company transmission and pressure lines.





MAP IN QUESTION MARKED  
EXHIBIT 79C.

THE SECRETARY: 80C will be the Schedule  
of rates of the Calgary-Lethbridge system.

SCHEDULE OF RATES IN QUESTION  
MARKED EXHIBIT 80C.

THE SECRETARY: Exhibit 81C is the Gas  
Company's number of customers in the areas shown on the  
map.

DOCUMENT IN QUESTION MARKED  
EXHIBIT 81C.

THE SECRETARY: Exhibit 82C will be the  
agreement between the Village of Bowness and the Canadian  
Western Natural Gas Company Limited, dated the 12th of  
October, 1949.

AGREEMENT IN QUESTION MARKED  
EXHIBIT 82C.

THE SECRETARY: Exhibit 83C is the agreement  
between the Village of Forest Lawn and the Canadian Western  
Natural Gas Company Limited, dated the 21st of August,  
1950.

AGREEMENT IN QUESTION MARKED  
EXHIBIT 83C.

THE SECRETARY: Exhibit 84C is Permit No.  
20, dated June 22nd, 1948, given by the Department of  
Public Works to the Canadian Western Natural Gas Company.

PERMIT No. 20 MARKED  
EXHIBIT 84C.

THE SECRETARY: And then handed in by the

WASHINGTON, D.C.

THE WHITE HOUSE, WASHINGTON, D.C.

OFFICE OF THE SECRETARY OF DEFENSE

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: [Illegible]

DATE: [Illegible]

BY: [Illegible]

1. [Illegible]

2. [Illegible]

3. [Illegible]

4. [Illegible]

5. [Illegible]

6. [Illegible]

7. [Illegible]

8. [Illegible]

9. [Illegible]

10. [Illegible]

11. [Illegible]

12. [Illegible]

13. [Illegible]

Superintendent of the Calgary School Board, Exhibit 85C, is a map showing the boundaries of the School District in the Calgary area.

MAP IN QUESTION MARKED  
EXHIBIT 85C.

THE SECRETARY: Exhibit 86C is the Memorandum of the 22nd of October, 1951, showing the basis of agreement between the Calgary School Board and the Army authorities.

DOCUMENT IN QUESTION  
MARKED EXHIBIT 86C.

THE CHAIRMAN: Mr. Secretary, I would like to request you to leave on the desk of the Chairman at least, if not the other members of the Commission, a memorandum covering all of those exhibits that you have read off. If you think that we are a type of shorthand writers, or any such a thing, that we could take down what you were saying, you are wrong. We are not court reporters.

THE SECRETARY: Excuse me, sir. Commissioner Strong has handed me comments by the City Commissioners on the submission of the Calgary Power Limited.

THE CHAIRMAN: You keep it until the morning, and in the meantime fix this Memorandum up, because we might get confused and we would like to have it the first thing tomorrow morning. I want to ask Mr. - do you want to say something more, Mr. McGruther?

THE SECRETARY: No.



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THE CHAIRMAN: You have said enough. Mr, Bredin or Mr. Martin, I would like to ask you a question just for information. I recall, or, at least, I was looking at this last night, there were about, or are about 9 or 10 pages in the original submission of recommendations on the part of the City. Now, in the brief to which Mr. Batchelor has been speaking, and to which Mr. Martin spoke yesterday, the discussion seems to have been concentrated on three specific points, I presume maybe just because it is financial, but what I want to know is, what is the relationship between the recommendations in the latter part, from page 30 to page 39, of the brief, what is the relationship between those recommendations and these major ones contained in the first and second pages? Don't answer that tonight, but I would like you to be prepared to inform me tomorrow, so that I will know if we are to consider and if we are to give special attention to the ones that were included in the original brief along with what Commissioner Strong may say tomorrow about this one. If that is so, then, obviously, the Hearing will be prolonged, and I would like to know how long it is likely to go. You understand what I want, Mr. Bredin?

MR. BREDIN:

Yes, sir.

THE CHAIRMAN: You just look at it again and you and Mr. Martin make up your minds what you want to do. We are adjourning now unless you want to submit something





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further?

MR.BREDIN: I have got some further regulations with regard to fur farms and hog ranches that you asked for, the Health Regulations, but I will leave it until the morning.

THE CHAIRMAN: That is fine.

COMMISSIONER ROBISON: Did you get the copies of the Utility Board Order?

MR. BREDIN: Pardon?

COMMISSIONER ROBISON: Did you get the copies of the Utility Board Order?

MR.BREDIN: No, I am sorry, I haven't got it, not the last one.

THE CHAIRMAN: You will get it?

MR.BREDIN: Yes, sir.

THE CHAIRMAN: Yes, thank you. We will adjourn till 9.45 tomorrow.

(Hearing adjourned until 9.45 A.M. February 2nd, 1955).

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